Daily Report

Central Eurasia

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Four Asian Countries Sign Mutual Transit Accord

LD1003111995 Moscow ITAR-TASS in English 1044 GMT 10 Mar 95

[By ITAR-TASS correspondent Yuriy Kozmin]

[FBIS Transcribed Text] New Delhi March 10 TASS—Kazakhstan and Kyrgyzstan, together with Pakistan and China, have signed an agreement on mutual transit of transport across their territories, according to an official report received on Friday from Islamabad, the capital of Pakistan, where the government delegations held four-sided talks.

According to a source close to the Pakistani Government, the agreement opens up additional possibilities for a further development of trade relations between Kazakhstan, Kyrgyzstan, Pakistan, and China, streamlines customs procedures, and promotes a gradual increase in goods turnover between the four Asian states.

In addition, the signing of the accord opens up access for the signatory parties to such a large trade and transportation centre in the region as the port of Karachi, which will considerably lower transportation costs, the report said.

The document also specifies such matters as preventing the smuggling of narcotics across the territories of these countries, and fighting against the smuggling of arms, explosives and some other items the transit of which is banned in this or that signatory state.

*Iranian Ambitions in Caspian Region Eyed

954Q0136A Moscow AZIYA I AFRIKA SEGODNYA in Russian No 12, Dec 94 [Signed to press 01 Dec 94] pp 15-18

[Article by Doctor of Economic Sciences G. Starchenkov, corresponding member of the International Slavic Academy: "Is the Caspian Going To Be a Sea of Discord?"]

[FBIS Translated Text] **For a long time the Caspian Sea was a relatively calm region, although there were attempts to destabilize things during the First and Second World Wars. For 70 years the USSR and Iran, who shared its coast, got along peaceably. After the Great Power collapsed, the situation changed abruptly. The USSR's place on the Caspian Sea was taken by Russia, which inherited the rights of the Soviet Union, and by Azerbaijan, Kazakhstan, and Turkmenia. The newly sovereign states addressed the question of dividing the waters of the Caspian and ensuring the rights to exploit its onshore and offshore resources. The Caspian began to take on a conflict-generating character. Things were made more complex because countries far away from the region began to show an interest in divvying up the Caspian portion of the Soviet inheritance. The question at present is this: is the Caspian going to be a region of cooperation, or a sea of discord?**

According to the Soviet-Iranian indefinite-term treaty of—the Protocol of 1940—the Caspian Sea was designated as "the internal water basin of both countries" and therefore "closed to foreign vessels." Iran and the USSR actively exploited the Caspian's fish resources, some of which (sturgeon, beluga, sterlet, and certain other species) yielded hard currency. Soviet and Iranian caviar were in great demand in world markets. In addition, both countries made use of the cheapest form of transport—water transport—although to varying degrees. The Caspian's role increased sharply when the USSR connected it to four seas by river canals. Another thing that was especially important to the Soviet Union was the fact that major oil deposits—and in some places gas as well—were discovered and developed not only on the western but also the northern and eastern shores of the Caspian.

THE STRUGGLE FOR THE SOVIET INHERITANCE

The emergence of the independent Caspian states radically changed things. Iran was the first to react to this. First it leisurely recognized the newly sovereign states, and in March 1992 proposed creating a bloc of "Caspian countries" within a Free Trade Zone or integrated association. On the basis of that proposal, the Organization of Cooperation of the Caspian Countries was formed that same year, including Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenia, with its headquarters in Teheran. The organization is intended to deal with problems of fishing, navigation, environmental protection, and also oil and gas exploration and production in the Caspian and on its shores. It was extremely vital for Iran within the Organization to establish direct trade, economic, and other ties across the Caspian Sea with Kazakhstan, which has not only vast reserves of strategic raw materials but also a space complex and nuclear weapons (along with weapons testing facilities).

At the same time, Iran, Turkey, and Pakistan worked together to revive the Organization of Economic Cooperation in an attempt to isolate the Central Asian republics and Azerbaijan from Russia. This Organization included Azerbaijan, Tajikistan, and Uzbekistan, while Kazakhstan, Kyrgyzstan, and Turkmenia received the status of observers. The Iranian government figured that this Organization would serve as a launching pad for the creation of an "Islamic Common Market." And Iranian newspapers launched a campaign to turn the Caspian into "an internal Islamic sea."

Iran's leaders went even farther beyond the Caspian region and proposed creating an International Organization of Gas Producing and Exporting Countries, a kind of "gas OPEC," but without the participation of the NATO countries. It was to include Azerbaijan, Iran, Russia, Turkmenia, and Uzbekistan. The "gas OPEC" idea was endorsed by Algeria, Venezuela, Indonesia, Iraq, Libya, and Nigeria—that is, countries which, along with Iran and Russia, are the main producers and exporters of natural gas.

It is important to note that Iran's actions are designed explicitly to prevent Western—in particular American—

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influence from penetrating the southern region of the former USSR. Iran's government criticizes the Russian Federation's passive position in this regard. It has accused Turkey, as a member of NATO, of encouraging U.S. penetration into Central Asia and Azerbaijan under the cover of integrating the Turkish-speaking countries and peoples. It has condemned Kazakhstan President N. Nazarbayev's proposal of a permanent U.S. military presence in the Caspian region, on the Mangyshlak Peninsula. Iran has declared its resolve to "prevent the West's colonization of former USSR territory."

There is no doubt that Iran's policy is aimed not only against the region's Westernization or Turkization (and such aspirations are indeed present) but also toward expanding its own influence; this has evoked a definite reaction of the Caspian countries. Special resonance was evoked by Iran's proposal on the joint use of the Caspian's natural resources, which was the object of criticism on the part of countries which consider their share of the "Caspian pie" to be sizeable and therefore indivisible.

Russia has not yet got over the "Belaya Vezha shock." The Great Power's heir now has only a narrow passage to the Black, Baltic, and Caspian seas, just as in the time of Peter I. In an instant, internal administrative lines of demarcation were turned into international borders which Russia, like the other newly sovereign republics, is not in a position either to defend or even control. And now the former fraternal republics have declared their intention to draw disputed boundaries in the Caspian and make sovereign use of their onshore and offshore territories. This rush to divvy things up has not been endorsed by Russia. Russia's government has declared that "the Caspian Sea and its resources are the common property of the Caspian countries and the object of their joint use." In other words, Russia has sided with Iran's position.

It is not Iran's, however, but Russia's statement that has provoked Azerbaijan's very negative reaction. According to that country's president G. Aliyev, "the question of jurisdiction over the Caspian has been concocted and raised by those who are trying to thwart the republic's cooperation with Western oil companies." The fact is, obviously, that the Azerbaijan State Oil Company, which did preparatory work with Russia's Lukoyl Oil Company for the exploitation of the Azeri, Chyrag, and then Gyuneshli deposits, also got Western European firms involved in signing the general agreement, and they count on getting at least 20 percent of total profits (10 percent for Lukoyl). It is because of this internationalization that Azerbaijan sees Russia's and Iran's proposals as obstacles to attracting Western European investors to expand oil production and exports.

Azerbaijan's position was immediately endorsed by Turkmenia. The government published plans to collaborate with Western firms to explore and develop oil deposits on the shelf of the Southern Caspian Depression as well as in the north of its part of the Caspian zone. In this way, Ashkhabad asserted its right to develop the oil deposits, ignoring Iran's and Russia's proposals. Meanwhile, the Ecology Center of the Republic's Academy of Sciences prepared a scientific-technical program called Caspian Sea, which calls for measures to improve fishery conditions (because of concentrations of phenol on Turkmenia's shores, which exceed limits by four to five times, catches of valuable fish species have declined badly). In addition, the program states that raising the sea level resulted in the flooding of islands and beaches and washing away of railroads and highways. Because of this, Turkmenia's government proposed that all Caspian neighbors sign an inter-governmental agreement to take specific steps to save the sea.

As a CIS member, Kazakhstan found itself in a more difficult position than Azerbaijan or Turkmenia. In addition, the percentage of Kazakhs in the republic is about the same as that of the Russians, which gives it a unique character. Nevertheless, Kazakhstan's government invited the American corporation Chevron to develop the huge Caspian oil deposit in the Tengiz area and helped to create the mixed Tengiz-Chevroil oil and gas company. The firm has already prepared a plan to develop the Tengiz field at a cost of 20 billion dollars.

Hence, a situation has developed around the Caspian Sea in which Iran and Russia have decidedly parted ways with their neighbors concerning the use of the waters and resources of the region. In these circumstances, not only the firms but also the governments of the U.S., Britain, Turkey, and other countries have begun to provide demonstrative support to Azerbaijan, Kazakhstan, and Turkmenia in their "struggle for state and economic sovereignty." However, attempts to smooth over differences and agree on the status of the Caspian Sea have not yet yielded results.

HOW AND WHERE IS THE CASPIAN'S FUEL GOING TO FLOW?

This question is of economic, political, and even strategic importance. Countries offering their territory to lay oil and gas pipelines are getting substantial fees for the exporting countries for the use of these arteries. In addition, at any moment they can shut down the pipeline and thereby deprive the oil-exporting country of an important source of hard currency. The world has experienced such cases. In 1990, for example, Turkey shut down the oil pipeline from Iraq to the Mediterranean and left Iraq without vital revenues.

Azerbaijan was the first of the newly sovereign states to broach the question of building an oil pipeline. This country, involved in an exhausting war in Nagornyy Karabakh, was the first to suffer from an acute shortage of foreign currency necessary to buy weapons and food and provide elementary services for its refugees. In addition, the old Baku-Batumi oil pipeline went out of commission. So it was decided not just to build an alternative pipeline but a new main line which would turn the republic into one of the steady suppliers of hydrocarbon fuels to Western markets.

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A pipeline across Turkey to the Mediterranean seemed to be the shortest way and quickest payback. The plan was discussed repeatedly with the Turkish authorities, who actively endorsed it. But political circumstances "vetoed" the economic project. The fact is that Azerbaijan's common border with Turkey is just a dozen kilometers along the Nakhichevan Autonomous Republic, which is separated from Azerbaijan by Armenian territory. It was decided to bypass Armenia via Iranian territory, which was consented to by Iran's government. But Turkey's Kurds immediately warned that they would not permit a pipeline to be built through Kurdish lands. Azerbaijan was in a bind. That gave rise to the idea of running a branch of the pipeline through Russian territory to the terminal in Novorossiysk. The change in plans was facilitated by Azerbaijan's improved relations first with Iran and then with Russia. But Turkey, worried by the turn of events, announced in May of this year that it would restrict the passage of oil tankers through the Bosporus and the Dardanelles (because of high ecological dangers), although this one-sided act violates the international convention on straits. Turkey's position served to inspire yet another costly plan to build a pipeline through Iran to the Persian Gulf. But this plan was openly opposed by the U.S. and other Western countries, which makes it quite unlikely that they will extend credit for such a project. Azerbaijan's hopes for abundant petrodollars proved to be mistaken. Finding itself in a disastrous position, Azerbaijan has been forced to spend scarce currency to buy natural gas from Turkmenia.

On Turkmenia's Caspian coast, across from Azerbaijan, a careful calculation was made of proved reserves of oil and gas and their value in world markets, after which it was announced for all to hear that Turkmenia would become the "Kuwait of gas." It would only require solving the problem of transporting the hydrocarbon fuel to the consumer countries. First, it discussed a plan with Azerbaijan to build two strands across Iran and Turkey, and when that fell through a new plan was formulated to build an oil artery to the Persian Gulf, which Iran gave its permission for. It is quite possible that Turkmenia, which is now the most prosperous country of the USSR, will build this pipeline despite the warnings of the Western powers. With gas, now, the situation was settled. In late summer of 1994, Turkmenia, Iran, and Turkey signed an agreement to build a gas pipeline across Iran and Turkey to the countries of Europe. Work is being done at the same time on a grandiose plan to build a gas pipeline across Iran (or even Afghanistan) to Pakistan.

Turkmenia's government realizes that any chance to create a "Kuwait of gas" depends on the good will of Iran's rulers, who have not concealed their intentions of stepping up their influence on the Muslim areas of the former USSR. So in order to avoid a monopoly dependency, Turkmenia's experts have consulted with their Kazakh colleagues on building an oil pipeline along the eastern and northern shores of the Caspian, to be joined up later to the existing oil pipeline that runs to the terminal in Novorossiysk. Meanwhile, Turkmenia is selling gas at world prices to Azerbaijan, Georgia, Ukraine, and Tajikistan. Turkmenia is actively seeking opportunities to engage in marketing liquified gas. In addition, it has drafted a plan and started the construction of a railroad and a highway from Tedzhen to Meshkhed, which will link Turkmenia to the Persian Gulf and in 1996 connect its communications with practically all the countries of Asia.

Kazakh national separatists proclaimed the Tengiz oil field to be the biggest in the world and experienced a period of unconcealed euphoria. The local media regularly published reports about plans for oil pipelines from Azerbaijan and Turkmenia. Kazakhstan itself proposed laying an oil pipeline from Tengiz to Baku along the bottom of the Caspian Sea in order to hook it up there to the planned oil pipeline. And it was only the absence of a precise answer to the vital question of "How and where will Kazakh oil flow?" that dampened the fervor of nationalist passions. Kazakhstan's President N. Nazarbayev initiated the idea of uniting the republics of the former USSR into a more effective organization than the CIS. In anticipation of a response to this proposal, Kazakhstan became a participant in the cartel of black caviar exporting countries, made up of Azerbaijan, Iran, Russia, and Armenia. Sturgeon and beluga caviar produced in Azerbaijan, Kazakhstan, and Turkmenia began to show up in world markets for the first time. As for oil, a shortage of it is being experienced even in Western Kazakhstan.

THE CASPIAN MISFORTUNES OF SOVEREIGNIZATION

Of course, problems of oil and gas production are being dealt with by the newly sovereign states themselves, although it is clear that on their own, without the help of the other Caspian countries and without taking account of their interests, it will be difficult and often even impossible to do this. In addition, there are a number of other problems which are attracting less attention but are also very important and will have to be dealt with together with all the countries concerned.

For example, consider problems of ecology. Actually, none of the newly sovereign republics' authorities are yet able to control their territories, in particular their territorial waters. Moreover, the young states' desire to "make money" at any cost makes it hard for them to keep close watch over enterprises discharging production wastes directly into the sea or the rivers that flow into it. Water pollution is especially bad on the coasts of Azerbaijan and Turkmenia. And although much has been said and written about this, the republics' governments are not taking effective measures to ensure a healthy ecology in the Caspian area. In a bulletin titled "A Third Glance" (No 25, 1994), Iran's embassy in Russia expressed anxiety over the state of the Caspian Sea as follows: "The past three years, floating oil slicks east of Baku have covered the surface of the sea in a radius of 800 kilometers, and the bottom of Baku Bay was covered with remnants of fuel oil wastes one meter thick."

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The lack of control over waters in which state boundaries have yet to be drawn is being exploited by criminal gangs which have proliferated out of the capitalization of the republics' economies. Poaching has assumed vast proportions. Many newly-hatched entrepreneurs are illegally catching valuable fish species and selling them not only for rubles but also for dollars. Even small fish do not escape their nets, which is disrupting fish reproduction in the sea and major rivers. The predatory enrichment of the nouveaux riches is doing irreparable harm to all the Caspian countries.

The Caspian reveals a frightful scene during the spawning of valuable fish species. The waves are teeming with thousands of bodies of sturgeon or beluga with their bellies slit. The poachers greedily remove the black caviar and throw everything else overboard. Many mafia gangs have set up their own illegal facilities to can and pack caviar and fish.

The narcotics business is also a new problem for the Caspian. Naturally, the leaders of the newly sovereign states are trying to obey international laws against the production and distribution of narcotics. However, the acute shortage of hard currency sometimes forces them to close their eyes to the narcomafia's activities. The main flows of narcotics run from Kyrgyzstan, Tajikistan, and Afghanistan through Turkmenia and Kazakhstan, after which some of the stuff goes across the Caspian Sea to Russia, the Baltics, and the countries of Western Europe. Today the only country actively fighting the narcotics trade is Iran, while in the other Caspian countries the narcotics business has in effect become part of the process of initial—generally, criminal—capital accumulation.

Yet another international problem of the Caspian relates to the underground weapons trade, whose transit runs chiefly from the eastern to the western shore. Afghanistan is the main supplier, while the main recipients are in Azerbaijan, Chechnya, Dagestan, and other areas of southern Russia. It is known, for example, that Afghani mujahedeen came with weapons to Azerbaijan in order to support it in the war in Nagornyy Karabakh. Taking advantage of the CIS's "transparent borders," they have also shown up unexpectedly in the Muslim areas of the Russian Federation.

This brief enumeration of problems relating to the Caspian Sea shows that none of the Caspian countries is in a position to solve them on its own. The Caspian republics will have to come to an agreement on shared and national interests, shared and national responsibilities for the use of the Caspian. In other words, it is necessary to settle questions of the Caspian Sea, the rights and duties of each Caspian country. Otherwise, the Caspian Sea could become yet another conflict-generating region; in fact, it is already doing so.

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ITAR-TASS Carries Press Review for 10 March

LD1003085295 Moscow ITAR-TASS in English 0601 GMT 10 Mar 95

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow March 10 TASS—The political situation that has taken shape in the Russian capital following the assassination of television journalist Vladislav Listyev remains one of principal topics in today's press.

ROSSIISKAYA GAZETA carries an interview with Oleg Gaydanov, deputy prosecutor-general of the Russian Federation, who, in comment on the sacking of the Moscow city prosecutor and police chief, has epxressed an opinion that President Boris Yeltsin "is controlling the law and order maintenance situation in Moscow very well and has drawn his conclusions undoubtedly on the strength of the knowledge of the actual state of affairs".

Gaydanov did not deny that the murder of Listyev could be connected with the latter's business activities. "The desire of criminal groups to master state institutions as much as possible is noticeable. To do this, it is necessary primarily to get hold of mass media," the deputy prosecutor-general pointed out.

IZVESTIYA believes that "a conflict has developed on the Moscow political scene between presidential structures and the authorities of the capital".

"Increasingly manifest of late are as if two lines of action of the president of Russia," writes the newspaper's analyst Otto Lacis. He believes that one line is "consistent steps along the road of market-oriented and democratic reforms" and the other line is "that of impulsive strongarm actions which quite often produce the result opposite to the desired one".

NEZAVISIMAYA GAZETA estimates the current situation in the capital as "officialdom battle for Moscow". The newspaper emphasises that "a new regrouping of political forces in top echelons of power is under way in Moscow following the murder of Listyev. Manifest is an acute conflict between powerful clans of officials in the presidential administration and the government and those of the moscow mayor's office. Powerful commercial structures have joined in the battle".

The newspaper points out that "the investigation of the case connected with the murder of Vladislav Listyev has virtually made no headway" while Sergey Gerasimov, who was appointed as acting Moscow prosecutor, has tendered his resignation.

SOVETSKAYA ROSSIYA runs an interview with former Moscow prosecutor Gennadiy Ponomarev who believes that his sacking was resultant of "great difference between the attitudes to law on the part of the Moscow prosecutor's office and some officials at the office of the prosecutor-general".

The press continues to give prominence to the Chechnya conflict.

KRASNAYA ZVEZDA (RED STAR) carries an interview with Georgiy Shevtsov, chief of staff of the joint group of Russian troops in the Chechen Republic, who emphasises that "it is early to speak about an end to combat actions".

Shevtsov said the tasks of disarming unlawful armed formations have been accomplished only in northern Chechnya and in Groznyy while Argun, Shali, and Gudermes are still under the control of Dzhokhar Dudayev's men.

IZVESTIYA analyses the results of three months of the Russian troops' operations in Chechnya.

The newspaper points out that despite statements about an end to the military phase of the campaign, the Army will apparently continue operations in order to broaden its control at least until it seizes key thoroughfares and transportation junctions.

KRASNAYA ZVEZDA, in view of the expected fourth reading of the 1995 draft federal budget in the State Duma, strongly opposes cuts in expenditure on the country's armed forces.

"The Duma members have the last chance to prove that the Army to them is not like a step-daughter," the newspaper emphasises.

Agreement Reached in Tbilisi on Nagorno-Karabakh Corridor

LD0903160995 Moscow INTERFAX in English 1340 GMT 9 Mar 95

[FBIS Transcribed Text] TBILISI, Mar 9 (Interfax)—Baku and Yerevan have now agreed to open a transport corridor via Nagorno-Karabakh.

This follows yesterday's meeting in Tbilisi between Georgia, Azerbaijan, Armenia and European Union Envoy in Georgia Marti Peters who discussed EU humanitarian aid to the three Transcaucasia states, Georgian Presidential Aide Igor Kotov told Interfax on Thursday.

He said agreement was reached to reopen railway links via Karabakh after demining operations and send 200 freight cars and two locomotives to help transport humanitarian aid.

Kotov said that the EU had agreed to send 700,000 tonnes of food supplies to the three regional states after Georgian leader Eduard Shevardnadze appealed for humanitarian aid to his country last July. The EU will also pay for the use of the Georgian ports of Poti and Batumi on the Black Sea coast and for railway shipments through its territory.

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Kotov said more than 500,000 tonnes of humanitarian cargoes had been sent to the region since the program was put in place last October. He said the program would be finalized this month.

Prudnikov on Progress of CIS Joint Air Defense

MM0903161495 Moscow IZVESTIYA in Russian 10 Mar 95 p 2

[Article by Viktor Litovkin: "Russia Strengthens Its Air Borders With Its Neighbors' Help"]

[FBIS Translated Text] Colonel General Viktor Prudnikov, Russian Air Defense commander in chief, has just returned from a trip to Georgia and Armenia and is flying to Minsk 10 March. And then to Ukraine. As chairman of the Coordinating Committee for CIS Air Defense Questions Prudnikov is involved in creating a joint air defense system for the former Union republics.

As you know, the CIS heads of state signed an agreement to create this system during the latest summit in Almaty and it is mainly the command of the Russian Air Defense troops that is working on its practical implementation. And that is understandable. Our country has more funds and opportunity to do so since the Central Air Defense Command Post is sited in Moscow Oblast—all information regarding the situation in the air and in space above our countries is supposed to be collected there and it has the fastest automatic combat asset command and control systems. And Russia is certainly more interested than its neighbors in strengthening the air borders.

Following the breakup of the Warsaw Pact, the disappearance of the Soviet Union, and the reduction in defense funding the protection of Russia's air borders has become a very acute problem. We do not have continuous air defense zones. Air defense is only organized around the major cities and main military and economic installations and does not ensure reliable protection of the borders. According to Western experts, the lower limit of the standard radar field [nizhnyaya granitsa dezhurnogo radiolokatsionnogo polya] does not permit monitoring of aircraft movements in virtually all sectors at low altitudes, or even at medium altitudes in the southern sectors.

The missile early-warning system is the only system still in operation. Its first echelon passes through space involving satellites which detect ballistic missile launches. The second comprises over-the-horizon radars stationed in Pechora, Murmansk, Skrunda (Latvia), Mukachevo and Sevastopol (Ukraine), Mingechaur (Azerbaijan), near Balkhash (Kazakhstan), and Irkutsk. The Air Defense commander in chief said when talking to me that today there is the task of preserving this system and reinforcing it with the air defense of all the CIS countries linked into a single complex.

However, this task is very difficult even after the agreement signed in Almaty. Whereas, for instance, many radar stations in Belarus and Ukraine have been closed down and mothballed and it is only necessary to bring back the specialists and devote some time in order to render them combat-ready, in Georgia and Armenia they have been looted and virtually destroyed. Everything has to be recreated from scratch.

Gen. Prudnikov said that, under the joint agreement, the states on whose territory the combined Air Defense system will operate should pay for this. But specialists realize that Georgia and Armenia have virtually no money for air defense combat hardware and that it is Russia which will have to bear the bulk of the expenditure.

But at the same time Moscow will not win the right to command these states' air defense systems. It will only receive information about the air and space picture over the territory of a particular state, which will automatically be fed to the monitors and computers of the Air Defense duty services in Moscow Oblast. People there can respond to a violation of the air border over Ukraine by giving their colleagues in Kiev advice, and nothing more. Decisions on whether to scramble fighter aircraft and whether to launch antiaircraft missiles will all be taken at local level.

In Moscow too, the Air Defense commander in chief told me, but only if the situation poses a real threat to Russia's borders.

But creating a joint Air Defense system is not a matter of a day or even two or three months. Russian working groups will follow Gen. Prudnikov to the CIS capitals. They will study on the spot each state's requirements for particular hardware and particular specialists. Thus people like Rust still have a chance of reaching some places. Although they must not reach the Kremlin.

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U.S. Envoy Returns to Moscow for 'Urgent' Consultations

MK1003071595 Moscow SEGODNYA in Russian 10 Mar 95 p 1

[Report by Vladimir Abarinov under the "Force Majeure" rubric: "American Ambassador to Russia Gets Urgent Assignment From Washington. Thomas Pickering Intends To Hold Consultations With High-Rankers in Moscow"]

[FBIS Translated Text] U.S. Ambassador to Russia Thomas Pickering interrupted his tour of the Russian Far East to take a plane to Moscow instead of Sakhalin. According to the embassy, the directive to return to the capital had been received from Washington. The ambassador, the press release says, will discuss with high-ranking Russian officials "questions of great interest for the governments of the two countries." Embassy staffers declined to name these questions and these officials. At the same time the embassy communication says that "the consultations in Moscow called for the ambassador's immediate return."

The agenda of Russian-American relations contains any number of "questions of great interest" but it is hard to ascertain which of them called for an immediate discussion. Russian Federation Deputy Foreign Minister Georgiy Mamedov visited Washington late in February. Right after his talks with Deputy Secretary of State Strobe Talbot he took a plane to Tehran where he stated that "the United States is using the aid factor to bring pressure to bear on Russia in the matter of its cooperation with Iran in the nuclear field." No less pressing is the problem of sanctions against Iraq which will be discussed by the UN Security Council on 13 March. As is its wont, the Russian Foreign Ministry "is not inclined to dramatize" the fact of the ambassador's hasty return. The embassy, on the contrary, thought it necessary to emphasize the urgent character of the mission he had been tasked with.

Duma Official—START II Approval Jeopardized by ABM Program

LD0703105095 Moscow ITAR-TASS in English 1002 GMT 7 Mar 95

[By ITAR-TASS correspondent Andrey Loshchilin]

[FBIS Transcribed Text] Washington March 7 TASS—A group of members of the Russian State Duma and Council of the Federation had talks with members of the House Committee for National Security here on Monday. In the course of their three-hours-long meeting the sides discussed the prospects for the ratification of the START-2 agreement by the two countries, the problem of NATO's expansion, the conflicts in Chechnya, Bosnia and Herzegovina. Much attention was devoted to such acute problems of bilateral relations as the contract to sell Russian nuclear reactors to Iran and the plans of the U.S. Congress leadership to permit the resumption of works on a strategic Anti-Ballistic Missiles defence system (ABM).

Chairman of the Committee for National Security Fred Spence (a Republican from South Carolina) told journalists that he had urged the Russian MPs to "weigh the risk" linked with the supply of reactor technologies to a country which is obviously interested in the development of its military nuclear programme. However, the arguments of the American law-makers were received rather sceptically by the guests. "Russia has weighty grounds to reject America's attempts to torpedo this deal," member of the Russian State Duma Vladimir Averchev told a press conference after the talks. "The United States is selling an identical light-water reactor to North Korea, a country which, putting it mildly, is just as unreliable and dangerous as Iran."

Vice-Chairman of the Duma Committee for National Defence Aleksandr Piskunov said that the plans of Republican congressmen to resume works on the ABM programme could interfere with the approval of the START-2 treaty by the Russian Parliament. "It is absolutely obvious that the discussion of the possibility of implementing an ABM system will be fraught with serious consequences and will tell negatively on the upcoming ratification of an agreement on the further reduction of strategic offensive weapons," he noted.

European Union Envoys Continue Moscow Talks

Chechnya, FRY Discussed With Yeltsin

LD0903153195 Moscow ITAR-TASS in English 1411 GMT 9 Mar 95

[By ITAR-TASS]

[FBIS Transcribed Text] Moscow March 9 TASS—Russian President Boris Yeltsin received on Thursday in the Kremlin foreign ministers of three countries of the European Union, who arrived in Moscow—Alain Juppe of France, Klaus Kinkel of Germany, Javier Solana of Spain, as well as member of the Commission of the European Union Hans van der Broek, the press service of the Russian president announced.

The report says that during the conversation the Russian president told representatives of the European Union about a firm intention of the Russian state leadership to continue the course at democratic reform. The resolve of the Russian leadership to settle the Chechen crisis by political ways, to restore democratic law in the Chechen Republic and hold free elections was emphasised.

Yeltsin declared for an early implementation of a large-scale agreement on partnership and cooperation between Russia and the European Union signed on the Greek island Kerkira (Corfu) in June 1994.

The situation in former Yugoslavia was also touched upon during the conversation. Concern was expressed

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over the possibility of the complication of the situation in the region. The participants in the conversation stressed the need for coordinated joint actions to promote the settlement in former Yugoslavia, the report of the presidential press service says.

Further on Talks With Yeltsin, Kozyrev

LD0903163295 Moscow ITAR-TASS in English 1533 GMT 9 Mar 95

[By ITAR-TASS correspondents Dmitriy Gorokhov and Andrey Urban]

[FBIS Transcribed Text] Moscow March 9 TASS—The European Union's delegation including foreign ministers of France, Germany and Spain today met Russian President Boris Yeltsin and Foreign Minister Andrey Kozyrev in Moscow.

The delegation met Moscow's readiness for dialogue on the settlement in Chechnya, French Foreign Minister Alain Juppe told a news conference. France is currently chairman of the EU.

Major tasks in the conflict region are permanent presence in Chechnya of delegates of the Organisation for Security and Cooperation in Europe (OSCE), a ceasefire, political dialogue and humanitarian deliveries to Chechnya, Juppe said.

The delegation saw a very open stance of Yeltsin and Kozyrev on these subjects, Juppe pointed out, adding that EU member states respect Russia's sovereignty and territorial integrity.

Kozyrev told reporters that the military operation in Chechnya is being finished now. He said efforts are taken to send more humanitarian aid to Chechnya.

Russia is cooperative in discussing these issues, and only objects to simplistic interpretation of the conflict and making it a deterrent of Russia's partner relations with other states, Kozyrev said.

The foreign minister said the Chechnya issue should catalyse reforms—international cooperation should be expanded rather than curtailed.

Russia wants the OSCE's delegates to be present in the conflict area, Kozyrev said.

"Creation of democratic institutions has to be started in Chechnya from worse than scratch because Dudayev's regime had set up criminal rather than civilised structures their," Kozyrev said. For this reason Moscow welcomes the OSCE's participation in preparation of democratic elections in Chechnya.

Juppe Urges Participation in Europe

LD0903163795 Moscow ITAR-TASS in English 1607 GMT 9 Mar 95

[By ITAR-TASS diplomatic correspondents Dmitriy Gorokhov and Andrey Urban]

[FBIS Transcribed Text] Moscow March 9 TASS—The European Union (EU) is interested in Russia's full-scale participation in Europe's affairs rather than in its isolation, French Foreign Minister Alain Juppe told a news conference here on Thursday.

The news conference was held after the talks between a EU delegation, consisting of the French, German and Spanish foreign ministers, and Russian President Boris Yeltsin and Foreign Minister Andrey Kozyrev.

Juppe, who urges the European Union to grant the status of "special partner" to Russia, expressed hope that conditions would be shortly created to impelement agreements on economic cooperation, referring to the accord signed by Russia and the EU on the Kerkira Island last June.

Russian-EU dialogue covers cooperation within the framework of NATO's Partnership for Peace programme and creation of a new European security structure. According to the French minister, the point at issue is "multiple initiative" aiming to ensure Russia's full-scale participation in Europe's life.

Chechen settlement and Russia's compliance with resolutions by the Organization for Security and Cooperation in Europe (OSCE) is to remove the remaining obstacles on the way of partnership between Russia and the European Union, Juppe stressed. The union is resolutely determined to promote Russian reforms. At present, the EU is Russia's "number one partner", since it accounts for 80 per cent of the total assistance rendered to Russia over the past two years, he added.

The French diplomat also stressed the importance of Russia's cooperation with the International Monetary Fund, the Council of Europe, the Organization of Economic Cooperation and Development, as well as its proposed participation in the G-7 political dialogue at the forthcoming conference in Halifax.

The issues discussed at today's talks included the Yugoslavian crisis, Juppe said. According to him, European countries fear that large-scale fighting in Bosnia and former Yugoslavia on the whole may resume. With this in view, the EU delegation stressed the need for Russia, the United States and the European Union to pool their efforts within the international Contact Group and to back the initiative for a meeting of the conflicting sides ready to accept the peace plan proposed by the international community.

Solana Concludes Talks With Kozyrev

LD0903173795 Moscow ITAR-TASS in English 1707 GMT 9 Mar 95

[By ITAR-TASS correspondent Valeriy Sevriukov]

[FBIS Transcribed Text] Moscow March 9 TASS—Russian Foreign Minister Andrey Kozyrev and his Spanish counterpart Javier Solana met on Thursday to

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discuss the forthcoming visit by Spanish Premier Felipe Gonzalez to Moscow. The Russian minister said that during the visit the two countries would exchange instruments of ratification of the agreement on friendship and cooperation. The agreement was signed in Madrid last April.

The talks between Kozyrev and Solana were the last in a series of consultations held during the visit by an European Union delegation to Moscow. The foreign ministers of Germany, France and Spain participated in the consultations.

Kozyrev and his French counterpart Alain Juppe met to discuss the Russian foreign minister's visit to Paris scheduled for late March. Kozyrev will attend the conference on European stability during the visit.

Earlier on Thursday, Kozyrev met German Foreign Minister Klaus Kinkel.

Rybkin Meets EU Foreign Ministers

LD0903185495 Moscow ITAR-TASS World Service in Russian 1626 GMT 9 Mar 95

[By ITAR-TASS correspondent]

[FBIS Translated Text] Moscow, 9 Mar—The development of partnership between Russia and the European Union was highlighted today during a meeting between State Duma Speaker Ivan Rybkin and the foreign ministers of France, Germany, and Spain currently on a visit to Russia.

Opening the meeting, the speaker said that he hoped to dispel any apprehensions which the EU might have on the policy of the Russian leadership, says a statement sent to ITAR-TASS today by the press service of the lower house of the Russian parliament. Ivan Rybkin said: "The European Union is our main partner."

French Foreign Minister Alain Juppe, who spoke on behalf of the EU ministers, noted the importance of mutually beneficial contacts between the EU and Russia. "Russia is a member of the European community. Russia is a number one partner for Europe," he said.

Judging by the State Duma press service statement, considerable attention was paid during the conversation to the situation in Chechnya. Emphasizing that the region is an inseparable part of Russia, Alain Juppe at the same time expressed concern over the violation of human rights in the republic.

Ivan Rybkin gave a frank account of what had led up to the conflict and of the lawlessness that had established itself in the Caucasian republic, stressing that "this is our drama and tragedy."

Dwelling on the problem of Russia's admission to the Council of Europe, Ivan Rybkin expressed the view that if Russia had been integrated into European structures back in 1992 and European human rights observers had visited Chechnya, the charges of violations of human rights by Russia would not have arisen. "When there is no prophet in one's homeland," Rybkin noted, "an outside view is very important."

Answering the questions of the three European Union foreign ministers, the press service statement notes, the State Duma chairman said that reforms are proceeding with great difficulty in Russia at present, and it will be hard for the country to emerge from crisis without understanding and support.

Germany's Kinkel Assesses Talks

LD0903190495 Moscow INTERFAX in English 1805 GMT 9 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 9 (Interfax)—The German, French and Spanish foreign ministers criticized "the methods by which Russia is trying to resolve the Chechen problems" during their meetings with Russian officials in Moscow, German Foreign Minister Klaus Kinkel told Interfax after a meeting with State Duma (lower house of parliament) Chairman Ivan Rybkin.

"We clearly stated that we do not want to interfere into Russia's domestic affairs. However, due to our partnership and friendly relations we admit mass criticism of actions in Chechnya," Kinkel said.

The German, French (Alain Juppe) and Spanish (Javier Solana) foreign ministers met with Russian President Boris Yeltsin, Foreign Minister Andrey Kozyrev and Rybkin today.

Kinkel said they had also discussed relations between Russia and the EU and the future of the agreement on cooperation between Russia and the EU. He said the situation in Bosnia and in the Middle East had been discussed within the scope of the discussion on the new European architecture of security and partnership.

When opening the meeting, Rybkin said he believed that the European parliaments were interacting much better than the executive structures which "are somewhat behind and even fell into some misunderstanding." Rybkin said he was ready to "dissolve fear" of the European colleagues stressing that "crises have been emerging and will be emerging in the life of every country."

Kinkel said that Germany wanted to discuss restitution of the cultural treasures withdrawn from the country after World War II. He said he had raised the actual issue during his meetings with the Russian president and foreign minister.

After the meeting with the Rybkin, Kinkel went to the Pushkin Art Museum to see the "Twice Saved" exhibition of the captured cultural treasures.

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Kinkel on Chechen War's 'Repercussions'

AU1003111395 Duesseldorf HANDELSBLATT in German 10-11 Mar 95 p 10

["mzi" report: "Moscow Annoyed at Delay of Trade Agreement"]

[FBIS Translated Excerpt] [passage omitted] FRG Foreign Minister Klaus Kinkel, who has been holding talks with his French and Spanish counterparts, Alain Juppe and Xavier Solana, in Moscow, has said that in the Chechen conflict the EU is pressing for a political solution. An armistice and the start of talks between the parties to the war on the granting of an autonomy solution for Chechnya have priority now. It had been pointed out to Russia that the Organization for Security and Cooperation in Europe will be permanently present in the Caucasus. Moreover, he, Kinkel, urged that the humanitarian organizations be finally able to help there.

Kinkel stressed that the German side in particular attaches much importance to the continuation of the friendly relations with Russia. "After all, we have worked on it for so many years," the foreign minister said. However, the war in Chechnya is casting a shadow over mutual relations. Moscow must be integrated within the European structure in order to prevent a feeling of isolation on the Russian side. This also refers to the questions of the enlargement of NATO or the EU. However, a Russian veto on these points is not possible. "Russia must know that in the long run the EU will be its most important partner," Kinkel stated.

Russia's handling of the Chechen conflict also has repercussions on the network of international relations in which Russia moves, the foreign minister said. Here Kinkel also referred to the IMF, whose Director Camdessus arrived in Moscow yesterday. Above all because of the Chechen crisis, the conclusion of the negotiations on a $6.3- billion credit package had been delayed again and again.

Russia Agrees to Permanent OSCE Presence in Chechnya

LD0903144295 Moscow INTERFAX in English 1340 GMT 9 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 9 (Interfax)—Russia and the OSCE [Organization for Security and Cooperation in Europe] have reached agreement on the permanent presence of this European organization in Chechnya, Russian Foreign Minister Andrey Kozyrev told a Thursday news conference in Moscow following talks with his counterparts from France, Germany and Spain and member of the European Commission on Foreign Economic Relations Hans van den Broek.

The Russian official said this understanding was reached during the recent visit to Moscow by Hungarian Prime Minister Gyula Horn. Hungary is the current chairman of the OSCE.

According to Kozyrev, work is under way on working out a concrete format for the OSCE presence.

Kozyrev said Moscow is interested in the OSCE stepping up its contribution in Chechnya. He added that the formation of democratic institutions in Chechnya provided for by the federal Constitution is "starting from minus, not even zero because the Dudayev regime had created criminal, not civilized structures."

Kozyrev stressed that Russia is opposed to a simplified interpretation of the situation in Chechnya and to this becoming a stumbling block in Russia's contacts with the rest of the world. According to him, it is important that the Chechen situation be a catalyst for Russian reforms.

"We believe in the need for the expansion, not restriction of international cooperation, because this cooperation promotes economic and political reforms," the minister stressed.

Kozyrev spoke against equating "the entire new model of European security to NATO. "This would be an unjustified inflation of the military element at a time when the end to confrontation opens up the possibility of stressing civilian aspects of security," he said.

He announced that together with the U.S. and other NATO members Russia is working constructively on the idea of partnership.

"We are simply bound to find a partnership formula so as not to give the cards to nationalists and opponents of a unified Europe in Russia and other European countries," Kozyrev stressed.

The foreign minister of France, a country chairing the EU [European Union], declared that the EU is determined as never before to promote economic and democratic reforms in Russia in a spirit of partnership.

According to him, the Chechen crisis undermines the partnership between the EU and Russia. At the same time he stressed that the EU does not favor isolating Russia.

According to him, the EU is partner No. 1 for Russia. He said that 80

of the international aid received by Russia during the past two years came from the EU.

Agreement Signed on $6.25 Billion IMF Standby Arrangement

LD1003113095 Moscow ITAR-TASS in English 1121 GMT 10 Mar 95

[FBIS Transcribed Text] Moscow March 10 ITAR-TASS—Russia today signed an agreement with the International Monetary Fund on a 6.25 billion dollar standby arrangement.

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The agreement was signed by Prime Minister Viktor Chernomyrdin and IMF Managing Director Michel Camdessus.

IMF Chief Says Moscow 'Qualified' for Loan

AU1003114795 Paris AFP in English 1134 GMT 10 Mar 95

[FBIS Transcribed Text] Moscow, March 10 (AFP)—International Monetary Fund chief Michel Camdessus said Friday [10 March] that Russia qualified for a crucial more than $6 billion IMF loan after Russian officials promised to toe a strict reformist line.

Camdessus signed an agreement to support the Russian application for the record-sized loan when it goes before the IMF board in Washington at the end of this month.

West Cautioned on Policy Toward Russia

954Q0143A Moscow KRASNAYA ZVEZDA in Russian 1 Mar 95 p 3

[Article by Manki Ponomarev: "Strategic Interests and Opportunist Advantages"]

[FBIS Translated Excerpt] [passage omitted] Your head simply spins when you familiarize yourself with the varied array of assessments of what present-day Russia represents. On the one hand it may be heard from the mouths of the most authoritative figures of the United States, France, and Germany that it has abandoned the confrontational approaches of the past and that without it, it is impossible to build a strong system of security in Europe and to ensure stability throughout the world. On the other, Russia continues to be considered a threat to the Western world. "Geopoliticians of the Kissinger and Brzezinski type maintain," the American observer William Safire wrote in this connection, "that Russia remains authoritarian at heart and expansionist in its habits. With its educated population and incredible resources, Russia will once again ascend to the status of superpower and, obeying the eternal call, will turn to the West and the South to accomplish its age-old aspirations."

This dissonance in evaluations and approaches is manifested in actual policy. "We must develop close and strong relations with Russia," the U.S. President publicly declares. At the same time, Washington is threatening a reduction in aid to Moscow unless it gives up the contract to supply reactors for Iran's nuclear power plant, and is making other claims, demands, and "urgent recommendations." Or it is beginning an odd and unappealing game around the invitation of Bill Clinton to the commemoration of the 50th victory anniversary in Moscow. A game which, as in other similar cases, smacks more of blackmail: If you behave, I will come; if not, I will not. It is hard for us, who made the decisive contribution to the winning of this great victory, to understand how it was possible, despite all the difficulties, to fight shoulder to shoulder to win it and not be able to commemorate together the half-century jubilee of this splendid event. We would be happy to welcome the head of the United States to the celebrations on 9 May, but provided the Russian leadership makes no concessions for this—not pay in this way for the lifting of the charges, inflated to extreme proportions, of a "violation of human rights" in Chechnya.

Yes, owing to the situation that has taken shape in connection with the restoration of constitutional order in the Chechen Republic, we have found ourselves in a difficult position. But this should not be an excuse for endless procrastination over the admittance of our country to the Council of Europe or ratification of the important agreement signed back last summer on partnership and cooperation with the European Union. One has the impression that the sponsors of all these holdups truly want to avail themselves of the opportunity and, having pushed Russia into the back yard of the continent, remove from its path a potential competitor. Such a policy could hardly be called realistic and farsighted.

It should not be forgotten that this entire opportunistic policy will hardly bring its creators the anticipated dividends. On the contrary, it threatens them with big losses, since it contributes to a growth of anti-Western sentiments in our country, with all the consequences ensuing from this fact, that is, to a result that is the direct opposite of what the Western capitals would like to obtain.

This is manifested particularly vividly, perhaps, in the racket—there is no other word—that has erupted in connection with the plans to expand NATO. The accelerated admittance to the alliance of a number of former participants in the Warsaw Pact is being presented by the Atlantists as concern for their security and the security of the whole continent. But in fact? In fact, it could have the diametrically opposite result and lead to a new division of Europe, not along East-West lines, as was the case in recent years, but along Russia-NATO lines. And it is simply blasphemous to maintain that such a division and the advance of the bloc's armed forces to Russia's borders would increase anyone's security. On the contrary, all this would undermine any attempts to cement stability on the European continent.

So what kind of Russia would the West like to see? Strong, prosperous, and with an awareness of its full responsibility entering together with other democratic states and peoples into the 21st century, or a Russia that is backward, weak, and subject to constant fluctuations in both domestic and foreign policy? Only to a very naive person might it seem that the conversion of our country from a global into a regional power, whose influence is confined at best to the CIS, could signify genuine security and stability in the world. Yes, we have made many mistakes. Yes, the process of the reform and democratization of our life is moving far more slowly than we would all like, and with far more zigzags and costs. But it would appear, for all that, time for Western leaders to understand that neither delays over the granting of

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Moscow the promised credit nor stabs at its amour propre nor a refusal to accord it a worthy place in various international structures will help it resolve the current problems. On the contrary, it will intensify them even more.

This is why it would seem high time that they make a realistic evaluation of the place and role of Russia in the modern world and formulate on this basis a long-term and realistic policy. A policy in keeping with the fundamental interests of everyone. And not only formulate and proclaim it. The main thing is to doggedly implement it.

Grachev Hosts Bulgarian Counterpart for Moscow Talks

Greater Military Cooperation Proposed

LD0903165195 Moscow ITAR-TASS World Service in Russian 1557 GMT 9 Mar 95

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Translated Text] Moscow, 9 Mar—Russian Defense Minister Pavel Grachev and his Bulgarian counterpart Dimitur Pavlov began talks in Moscow today. They are discussing military cooperation between the two countries as well as European security problems. The Bulgarian defense minister has arrived in the Russian capital on a three-day official visit earlier today.

Russian Defense Minister Grachev said at the beginning of the meeting that a program of cooperation between Russia and Bulgaria in the military and technical sphere as well as a plan for coordination of development of armaments and military equipment for 1995 were to be signed as a result of today's meeting.

Grachev proposed to his Bulgarian counterpart to exchange opinions on the issues of European security. He said that he intended to speak about Russia's position with regard to NATO's expansion and Russia's approach to the Partnership for Peace program, which "have undergone certain changes," as Grachev put it.

The situation on the Balkans will be also examined. Grachev said that there would be an exchange of opinions that would take into account a recent visit to Russia by FRY's Defense Minister Pavle Bulatovic.

During his visit, the Bulgarian minister is also to meet politicians and officials of the Russian Defense Ministry and the management of the Rosvooruzheniye [Russian arms] state company, which deals with importing arms and military equipment.

Grachev Voices Opposition to NATO Expansion

LD0903175495 Moscow ITAR-TASS World Service in Russian 1723 GMT 9 Mar 95

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Translated Text] Moscow, 9 Mar—Russia's attitude to the problem of NATO expansion remains unchanged—"We do not welcome this organization expanding by way of inclusion of eastern and central European states," Russian Defense Minister Pavel Grachev told journalists today after meeting his Bulgarian counterpart Dimitur Pavlov.

"We are looking with astonishment at the possibility of NATO and its member states getting closer to the Russian borders," Pavel Grachev said. According to the Russian minister, NATO is still a military-political alliance, although "there has been talk on investing it with other, more political" functions aimed at ensuring European security.

The defense minister said that Russia "comes out in favor of ensuring European security within the framework of the Organization for Security and Cooperation in Europe [OSCE]." Apart from NATO, Grachev remarked, Europe has a great number of institutions which by their functions can ensure European security—the EU, the Western European Union, or the CIS. The OSCE could play a role in unifying the efforts of these structures, the Russian defense minister believes.

Cooperation Agreements Signed

LD0903184395 Moscow ITAR-TASS World Service in Russian 1656 GMT 9 Mar 95

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Translated Text] Moscow, 9 Mar—A meeting took place today between the defense ministers of Russia and Bulgaria. It ended with the signing of two documents—a plan for military cooperation and a plan for military-technical cooperation between the two countries' defense ministries for 1995 in the development of new military equipment technologies.

The Russian defense minister said after signing the documents: "These documents are very good ones." He expressed regret that in the past three years Russian-Bulgarian links in the military sphere "had rather slowed down" because of "perestroyka attitudes" in both Russia and Bulgaria.

In the opinion of Pavel Grachev, at the present time "the Bulgarian leadership has adopted a firm course of close bilateral cooperation with Russia." The minister said that, on the basis of these cooperation plans, experts have been given the task of working out specific aspects of cooperation that can be finally decided during the forthcoming visit to Bulgaria by Viktor Chernomyrdin, head of the Russian Government.

Pavel Grachev said that the chief problem in cooperation with Bulgaria was the procedure for payments and he expressed the hope that these barriers will be overcome.

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The Bulgarian military delegation headed by Defense Minister Dimitur Pavlov arrived in Moscow today on a three-day official visit.

Polish Embassy Investigating Incident at Moscow Church

LD0903124195 Warsaw Radio Warszawa Network in Polish 1105 GMT 9 Mar 95

[FBIS Translated Text] Krzysztof Sliwinski, spokesman for the Ministry of Foreign Affairs, has said that the circumstances of the incident [at the Roman Catholic church in Moscow yesterday] are being investigated by the Polish Embassy in Moscow.

[Begin Sliwinski recording] First, Ambassador Ciosek is in direct contact with the municipal authorities and the Ministry of Foreign Affairs. At the moment I can say that all the circumstances of the incident are being investigated. This will enable us to take further firm steps.

Today we can say that the motives of the actions by the militia, no matter what they were—the use of brutal force against people who did not put up active resistance, and in addition, on church territory, consecrated territory, is reprehensible and we will demand an unequivocal position on this matter from the Moscow authorities. We also expect that the investigation will allow us to determine the responsibility of the officers or persons who brought about the incident and exceeded their powers. We expect that they will be subject to disciplinary proceedings. [end recording]

Minister Views Islamic World's 'Mixed' Reaction on Chechnya

LD0903143295 Moscow INTERFAX in English 1340 GMT 9 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 9 (Interfax)—Turkey, the United Arab Emirates and other Islamic countries do not view the conflict in Chechnya as a "clash between Islam and the Orthodox religion". This statement was made at a news conference in Moscow on Thursday by Deputy Russian Foreign Minister Viktor Posuvalyuk.

He admitted, however, that the initial reaction of the Islamic world to the developments in Chechnya "was mixed". Meanwhile, the diplomat added, as a result of explanatory work carried out by the Russian Foreign Ministry and the Russian government, the view that the conflict is not of a religious nature prevailed.

Posuvalyuk also said that Islamic leaders believe that the deterioration of the situation in Chechnya is "a Russian internal affair and are interested in the earliest settlement of the conflict," in as it could "have a negative influence on other countries."

Posuvalyuk believes that the international arms exhibition to be held in the Arab Emirates on March 19 "will not be politically difficult for Russia due to the conflict in Chechnya."

Zhirinovskiy Comments in India Stir Diplomatic Protest

Calls For 'Normal' Relations With New Delhi

LD0503191095 Moscow ITAR-TASS in English 1903 GMT 5 Mar 95

[By ITAR-TASS correspondent Leonid Kotov]

[FBIS Transcribed Text] New Delhi March 5 TASS—"We favour full restoration and development of ties between Russia and India. Good relations between our countries will be the guarantee of peace and stability in south Asia," Russian ultra-nationalist Vladimir Zhirinovskiy said on Sunday.

In an interview with ITAR-TASS upon his arrival in India on a visit at the invitation of the Indian Council for Cultural Ties, Zhirinovskiy said that he intends to raise with Indian officials a wide range of issues related to the development of Indian-Russian cooperation in various spheres.

"Russia should have normal relations of partnership with India. Only through economic and cultural ties can we achieve mutual understanding and genuine friendship between our peoples," he said.

During the stay, Zhirinovskiy plans to have talks with the leaders of the Indian Council for Cultural Ties, Chairman of the Lower House of Parliament Shivraj Patil and the chairman of the Parliament Foreign Affairs Committee.

Urges Closer Russo-Indian Military Ties

LD0603115395 Moscow ITAR-TASS in English 1112 GMT 6 Mar 95

[By ITAR-TASS correspondent Leonid Kotov]

[FBIS Transcribed Text] New Delhi March 6 TASS—Members of a delegation from the Liberal Democratic Party of Russia and their leader Vladimir Zhirinovskiy today met members of the lower house of the Indian parliament and agree that the strengthening of relations between Russia and India was in the interests of both great countries and a factor of stability in the South Asian region.

The Russian delegation is visiting New Delhi at the invitation of the Indian Council for Cultural Relations.

In his opening address at the meeting, chairman of the parliamentary committee A.B. Vajpaee stressed that the deputies from all political parties in India's supreme legislature favour the development of interaction with the Russian Federation which has now new opportunities for activisation and expansion.

The Indian chairman said one condition for this is the creation in Russia of a democratic system with its processes of radical changes in the country's economy which are fully supported by India.

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According to Zhirinovskiy, "India is Russia's greatest friend and it is necessary to extend every assistance to the friendly country".

"We favour the development of mutually beneficial Russian-Indian trade which should be carried on without the dollar, on the basis of our national currencies.

"It is also necessary to develop ties between Russia and India in the military field," Zhirinovskiy said. Zhirinovskiy stressed that "Russian arms will not be supplied to countries which can pose a threat to India".

According to the LDPR leader, the Moscow-New Delhi axis will serve as an example of cooperation between two countries on an international level and will not pose any threat to other countries".

Responding to a question from Indian lawmakers, the LDPR chairman described the current situation in Russia as "very complex" and stressed that his party favoured political settlement to all the problems facing the country.

Also today Zhirinovskiy had talks with Shivraj Patil, speaker of the Indian parliament's lower house, and the leaders of the Indian Council for Cultural Relations.

Bangladesh Protests Annexation Statement

LD0703181295 Moscow Radiostantsiya Ekho Moskvy in Russian 1600 GMT 7 Mar 95

[FBIS Translated Text] The Bangladesh Foreigh Ministry has lodged a protest at the Russian Embassy. It was done in response to a pronouncement made in Delhi by Vladimir Zhirinovskiy, who called on India to include Bangladesh and Pakistan in its structure.

The statement of the Foreign Ministry of this country stresses that the Liberal Democratic Party of Russia leader has completely lost a sense of reality.

Aide Denies Alleged Remark on Bangladesh

LD0703201895 Moscow ITAR-TASS in English 1846 GMT 7 Mar 95

[By ITAR-TASS correspondent Leonid Kotov]

[FBIS Transcribed Text] New Delhi March 7 TASS—A source close to Vladimir Zhirinovskiy rejected on Tuesday that the Russian nationalist leader has ever suggested that India should annex Bangladesh.

Speaking to ITAR-TASS, the source admitted that Zhirinovskiy never concealed his negative attitude to any territorial split of a sovereign state. Such attitude defined his approach towards India's division of 1947 which entailed the creation of Bangladesh.

However "the chairman of the LDPR [Liberal Democratic Party of Russia] has never mentioned any annexation of Bangladesh by India, to say nothing its annexation by force", the source said.

The Bangladesh embassy in New Delhi reported that Zhirinovskiy who is visiting India, had pronounced "insulting" remarks saying that Bangladesh and Pakistan "should become part of India's territory".

According to reports from Banglsdesh, the Russian ambassador was summoned to the Foreign Ministry to express Dhaka's "indignation and serious displeasure" over Zhirinovskiy's remarks which were qualified as "inadmisssible".

Panov Says Consortium on DPRK's Nuclear Program 'Doomed'

LD0903132095 Moscow INTERFAX in English 1102 GMT 9 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 9 (Interfax)—Pyongyang's flat refusal to receive Seoul's light water reactors questions the viability of the consortium set up to revamp North Korea's nuclear program, Aleksandr Panov, Russia's deputy foreign minister declared in an interview with Interfax Thursday.

He described the situation "as an impasse, in which the consortium, with its current goals and in its current form, has yet to be born but is already doomed." "That cannot help arousing our concern since the situation is fraught with new complications for North Korea's nuclear program," Panov said.

However, he made it clear that Russia was not abandoning cooperation with the consortium and reported that appropriate consultations were underway in New York with a top UN official from Russia attending.

In Panov's opinion, "so far there has been more uncertainty than agreement on the future of this consortium and on the forms of its cooperation with Russia." "We will see how events develop down the line," he added.

(This interview is carried in full in today's Interfax Diplomatic Panorama.)

Russia May Join Consortium To Aid DPRK Nuclear Program

LD0903190695 Moscow INTERFAX in English 1655 GMT 9 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 9 (Interfax)—Russia is prepared to join the international consortium intended to readjust North Korea's nuclear research program (KEDO) but as an equal partner, Head of the Atomic Energy Ministry's (Minatom) Public Relations Department Georgiy Kaurov told Interfax Thursday.

He said Russia is claiming for vice-presidency of the consortium.

Kaurov said that although Minatom has no contacts with North Korea, a contract is still in force on putting up two Russian-built water-cooled nuclear reactors there. "North Korea has refused to implement the project, but has not yet walked out of the deal", he said.

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Kaurov said the consortium offered that it would reprocess and bury spent nuclear fuel from North Korean facilities on its own territory, but Moscow declined.

PRC's Qian Qichen Views Russian Comments on Border Issue

LD1003090295 Moscow ITAR-TASS in English 0811 GMT 10 Mar 95

[By ITAR-TASS correspondents Grigoriy Arslanov and Vyacheslav Tomilin]

[FBIS Transcribed Text] Beijing March 10 TASS—"China is satisfied with the development of Sino-Russian relations. Our two countries practise high-level exchanges and maintain cooperation in various fields," Chinese Foreign Minister Qian Qichen has told ITAR-TASS. By way of example, he cited Russian Foreign Minister Andrey Kozyrev's recent visit to Beijing, during which there was an "intensive exchange of views".

Touching upon the border issue, the Chinese minister pointed out that some regional leaders in the Russian Federation made pronouncements that are incompatible with the Sino-Russian border agreement. There were also irresponsible articles on the subject in a number of Russian publications.

However, the Russian Government has stated its firm commitment to the agreement which has already been ratified by the legislatures of the two countries, Qian has told a press conference which was organised within the framework of the National People's Congress session. "We are satisfied with that," he emphasised.

Dwelling on humanitarian problems, the Chinese foreign minister recalled that Russia at first voted against China's proposal not to discuss an anti-Chinese resolution at a meeting of the Geneva-based U.N. human rights commission. Later on, Russia turned down a West- suggested resolution criticising China.

"Some were surprised by such a stand of Russia. But, in my view, this is a consistent policy. Russia believes that it was possible to discuss such a resolution. We diverge over the issue. At the same time the Russian Federation came out against condemning China for the human rights situation. I do not think that Russia has changed its approach. On the contrary, the approach remains unchanged", the Chinese minister stated.

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Political Issues

Hired Killers Arrested; Possible Link With Listyev Murder

LD1003122195 Moscow ITAR-TASS World Service in Russian 1139 GMT 10 Mar 95

[By ITAR-TASS correspondent Larisa Kislinskaya]

[FBIS Translated Text] Moscow, 10 Mar—Today Nikolay Kulikov, acting head of Moscow's Central Directorate of Internal Affairs, confirmed that a gang of hired killers from Novokuznetsk was detained at the "Pushkino" sanatorium in the environs of Moscow on 7 March. It is not to be ruled out that the three criminals—who have specialized in the "shooting" of Moscow oil magnates—are directly linked with the murder of the well known TV journalist Vladislav Listyev. This version is currently being worked on.

Confirmation of the detaining of the criminals was demanded since the managers of the sanatorium denied this fact, having stated that there were "no killers" there. It is, however, known that the three killers who were apprehended lived in room 301 at the sanatorium. Their capture by staff from the Moscow Criminal Investigation Department, from the directorate for economic crimes of the Central Directorate of Internal Affairs of Moscow, and from the regional agency dealing with organized crime of Moscow oblast, was recorded on video tape. The fourth member of the gang is at the federal investigation department.

Listyev's Murder Seen Prompted by Aversion to Success

MK0303113095 Moscow SEGODNYA in Russian 3 Mar 95 p 1

[Report by Sergey Parkhomenko under the "Catastrophe" rubric: "A Four-Row Presidium. A Successful Person Is Doomed in Russia"]

[FBIS Translated Text] Yesterday [2 Mar] at noon—15 hours after Vladislav Listyev's murder—the Central House of Journalists hosted what was announced as "the press conference of chiefs of Russian journalists' unions." A few hundred journalists showed up, although there was nothing whatsoever to ask about, just as there was no one who could answer anything. Nor could the organizers of the meeting say anything about the essence of the tragedy. But many people, as talk in the foyer indicated, thought that the "press conference" could only turn into a kind of professional solidarity action, could only evolve into a frank discussion of shop-floor problems by professionals. If the right to life and a worthy (not at the hands of a hired gunman) death can be considered as such.

No such talk took place, of course.

Instead, we had an opportunity to watch "chiefs of journalists' unions" forming a presidium on the platform in a swift and coordinated fashion. They seated themselves in four rows across the entire width of the stage. In twenty or so minutes a fifth row emerged. Had the event lasted a little longer, a sixth row would have surely formed itself as well.

Vsevolod Bogdanov, head of the Russian Union of Journalists, recalled that the State Duma had "brilliantly thwarted" the law on television and said that he "would like to denounce bureaucrats as journalists' worst enemies."

Eduard Sagalayev, head of the Confederation of Journalists Unions, said that he "does not believe in the possibility of any dialogue with the authorities."

Alla Yaroshinskaya, member of the Presidential Council (and supposedly a "journalistic community" delegate on it), urged that "the chiefs of law-enforcement agencies who...finally be fired."

And there you go again and again, for an hour and a half.

None of the respected presidium members stood up and said: "Sorry, guys, we're all up to here with it. We've bungled everything. We've duped you all. We are leaving. Anyone with the strength and desire to get seriously down to business, something that we have until now just simulated—God speed...." Then the whole presidium should have walked out and gotten stoned out of shame. As a matter of fact, this was the perfect occasion to do this long-awaited act.

It was the perfect occasion to concede that the Russian press exists in the absence of a regular trade union capable of organizing anything besides the collection of membership dues; that the entire multi-tiered structure of "creative organizations and associations" that sprung up in place of the USSR Union of Journalists is just a big bluff, a big sham. It is said that the fathers and grandfathers of present-day newspapermen sought to join the Union of Journalists mainly because the Journalists Club bar served otherwise inaccessible beer. Once alternative beer emerged on every street corner, the last incentive for joining the creative artists union was lost.

Meanwhile, only an effective, professional, mass organization is capable of keeping its own leadership from degenerating into a host of the same bureaucrats who are "the worst enemies." Only such an organization is capable of explaining to parliament what law affecting its professional—that is, vital—interests it wants to have and what would happen to this parliament unless it gets this law passed. Only such an organization can open "a dialogue with the authorities" so as to cut it short when there is no longer any hope that other arguments would be effective.

And for the time being Yegor Yakovlev was the only one to start talking about a boycott and a strike. No one would even argue with him. What is the use? Anyway,

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who will take charge of these actions? At whose expense? By what methods? By what right, after all? Who trusts these people from the presidium?

Aleksey Simonov is the only one trying to push something through for all others with his Fund for the Protection of Glasnost. Well, there is also Oleg Panfilov next to him: he is painstakingly collecting and categorizing incidents of violence against journalists when carrying out their professional duty. These two keep visiting banks and funds, imploring: Would you toss us at least something if you can from you riches. Maybe your own work will become slightly easier and less dangerous for that, maybe you will be killed a bit less frequently. The Moscow Charter of Journalists is doing the rounds nearby, soliciting the same banks—do you think anyone has donated a single kopek, even grudgingly? Soros alone. For some reason no one else felt sympathy for our lamentations.

The issue is, indeed, not journalists. Vladislav Listyev was not killed because he was one. Nor because of politics. Simply it has become fatally dangerous in this country to be successful. Should someone carelessly show in public talent, energy, hard-working habits, professional fitness, or simply a sure touch of workmanship—they are out for your blood at once.

Whatever Vladislav Listyev may have touched, everything yielded success, fame, thanks. And income. Yes, income, too. So one of the scum made sure this is really the case, watched yet another "Rush Hour" telecast to the end, calmly tied a neckerchief, put on a cap and went out to kill Listyev.

Yakovlev on TV Changes, Listyev Murder

954F1708A Moscow ARGUMENTY I FAKTY in Russian No 10, Mar 95 p 3

[Interview with Aleksandr Yakovlev, by unidentified correspondent under the rubric "Opinion"; place and date not given: "Money and Power on Television"]

[FBIS Translated Text] *Aleksandr Nikolayevich Yakovlev came to ARGUMENTY I FAKTY on 1 March. He talked about his television domain calmly, not without some bitterness and irony, but confidently. About the role of television in politics, crazy advertising money, future reorganization. But both politics, and money, and reorganization in television began to look quite differently in the evening of that very day, when Vlad Listyev was murdered. Today's material includes fragments of that, still calm, interview and a telephone conversation on Monday, 6 March.*

We will publish the bulk of the interview with A.N. Yakovlev in one of the next issues.

[Question] Aleksandr Nikolayevich, to what extent are you in control of the situation in Ostankino?

[Yakovlev] Not much. I can prevail in a particular concrete instance. For example, write a directive and ask to implement it within three days. And it will be. If I simply order something, nothing will get done until there is the prospect that someone else may be charged money for carrying out my directive. This is a result of miserly funding.

[Question] That is, everything is indeed bought up, to the last second?

[Yakovlev] When I issued an order to set up Reklama-Holding, all newspapers tongue-lashed it. Over the last quarter before Holding's creation, approximately 5 billion rubles [R] in revenue from advertising were transferred to the centralized fund. During the first quarter of Holding's operation—more than R30 billion. Which means that we took this money away from someone. On the other hand, though, I cannot bring myself to bang my fist: "You such and such S.O.B's!" When a film editor, a mother with two children, is paid R90,000 a month, and someone comes to her and offers $500 for a rush job, I cannot bring myself to reproach her. I know, for instance, how much it costs to see yourself on television as a soccer game fan. If you pay R100,000 during the game directly to the cameraman, he will zoom in on you sitting in the stand...

[Question] Let us leave finances aside. Television also is a most powerful instrument for influencing society. Can you, for instance, keep Zhirinovskiy from being on air?

[Yakovlev] Well, he has not appeared on Channel 1 since the time I came to work here. Although he writes letters to me every week.

[Question] That is, it is within your power to stop a particular piece?

[Yakovlev] If I know about it—yes, I can. I am being persistently pushed all the time into becoming a censor. But I try to not even look at the TV guide.

[Question] You do not look at what is scheduled to be broadcast?!

[Yakovlev] No. I do not want to. My interests mainly lie in the area of the channel's general artistic and political direction, resistance to violence, lies, and immorality.

Yesterday, for instance, I issued an instruction—set up a "roundtable" on fascism in no less than a week. They are working on it now. I told you, only direct instructions are carried out.

[Question] Who do you rely on in this work; who do you consult?

[Yakovlev] I do not hold board of directors meetings. I rely on individual people working through studios.

[Question] Television is traditionally considered a gigantic monster that devours its chairmen...

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[Yakovlev] Right now television remains such a monster by inertia. Why? It is what remains of the former Committee on Radio and Television. Poptsov took what he needed when he separated. NTV, when it separated, also took who it wanted. We, however, have to carry all the structures. Underground structures, military communications, and everything else we absolutely do not need. We unload them gradually, of course. Since I came here, I have reduced personnel by 1,500—and not a single complaint. Generally, it is a good collective.

[Question] And what about bribes?

[Yakovlev] Well, you can say the same about all our bureaucrats: Bribes are not offered just to those about whom it is known for certain that they will not accept them. Remember Gogol: "Only a dead bureaucrat does not take bribes."

[Question] Russian Public Television [RPT] assumes its independence from concrete persons. But how could it be this way considering that its stock is held by private companies?

[Yakovlev] The state holds 51 percent of the stock. On the other hand, state participation ties the hands of free television. But at this stage we can put up with it.

[Question] Will RPT be canceled now?

[Yakovlev] Under no circumstances.

[Question] Do you believe that behind Listyev's murder are political motives?

[Yakovlev] It is a political murder.

[Question] Is there a hope that the murderer will be found?

[Yakovlev] I am afraid not. We have lost the skill of catching criminals. The organs got used to people writing informant reports, confessing after a "physical" urging, as it was then called...

[Question] Who will replace Listyev as RPT's general director?

[Yakovlev] I have no idea. I am raking my brains as to whom to offer this job.

Details of Listyev's Plans To Revamp Television

MM0303151095 Moscow KOMSOMOLSKAYA PRAVDA in Russian 3 Mar 95 p 2

[Unattributed report: "He Sought Police Protection"]

[FBIS Translated Text] Listyev had big plans to revamp ITA: As of 1 April, an expanded edition of Channel One's "Novosti" news bulletin was to have been broadcast once every three hours. Listyev had a new program in the pipeline—"Cross-Fire"—which was being prepared for broadcasting jointly with Lyubimov. The blanket dismissal of many ITA editors, publishers, and presenters was anticipated. A whole staff of new people was to have been brought in—something which pleased nobody. According to impressions gleaned by witnesses, Listyev left ITA's corridors for the last time a humiliated man. And a few days ago, it became known that an order to dismiss Nepomnyashchiy (ITA's director) has already been drafted—Voskovoynikov from INTERFAX is earmarked to take his place. The name Kostenko was also mentioned. Nepomnyashchiy and Berezovskiy (director of "LogoVAZ," A. Yakovlev's deputy, and one of the most important people in television right now) were dissatisfied with Vlad's plans, with his reshuffle of the television schedule as of 1 April, the recruitment of "his own" team capable of cutting up yet again an already thinly sliced pie—"Ostankino."

And, finally, former ITA presenter Irina Mishina recounted that in May 1994 General Kolesnikov, chief of the Russian Federation Main Criminal Investigation Administration, while giving her an interview, declared that Vlad had appealed to him for help—"There were problems regarding his personal safety." It seems that the criminal investigation department dealt with Vlad's problems at that time, but was it really so certain that they would not rear their heads again?...

Moscow Mayor To Appeal Dismissal of Law Officers

LD0903140895 Moscow ITAR-TASS in English 1353 GMT 9 Mar 95

[By ITAR-TASS correspondent Igor Belskiy]

[FBIS Transcribed Text] Moscow March 9 TASS—The Moscow city administration is preparing documents for appealing to court in connection with the decisions concerning personnel made by federal bodies after the assassination of television journalist Vladislav Listyev on March 1.

These materials will be sent to city municipal courts depending on the residence of defendants, Sergey Dontsov, head of the state legal department of the Moscow city hall, told ITAR-TASS today.

Yuriy Luzhkov intends to contest the decisions by the Prosecutor-General's Office and the Interior Ministry adopted without consultations with the city authorities about removing city prosecutor Gennadiy Ponomarev and head of the chief interior department Vladimir Pankratov from their offices.

Ponomarev Not To Seek Reinstatement Through Courts

LD0903145595 Moscow Radiostantsiya Ekho Moskvy in Russian 1300 GMT 9 Mar 95

[FBIS Translated Text] Gennadiy Ponomarev, Moscow's former prosecutor who was dismissed after the murder of Vladislav Listyev, is not demanding that the decision on his dismissal should be reviewed. I remind you that INTERFAX reported today that Ponomarev

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proposed that the prosecutor general's office should return to the question of his dismissal.

Vitaliy Ryabov, head of the legal safeguards section of the Moscow prosecutor's office, told us that Ponomarev just thinks that the Prosecutor General's Office has violated certain ethical standards by taking such a decision. Ponomarev was dismissed without his preliminary arguments being given a hearing. In Vitaliy Ryabov's view, the decision to dismiss Ponomarev will not be reviewed either by the president or by the acting prosecutor general.

[Begin recording] [Unidentified man] Who will go back on it? The whole world was told that it was necessary to remove the prosecutor of Moscow and the head of the GUVD [Main Internal Affairs Directorate], and this was done immediately by Ilyushenko and Yerin, so who will go back on it now? The only possibility is to get the decision reviewed in the courts. But Ponomarev doesn't, for some reason, want to go to court. [end recording]

Poltoranin: 'Merging Journalism With Capital' Poses Danger

MM0303124695 Moscow ROSSIYSKAYA GAZETA in Russian 3 Mar 95 Weekend Edition p 2

[Unattributed report under the general heading: "Killed by a Point-Blank Shot"]

[FBIS Translated Text] "I warned the Berezovskiy-Tarpishchev-Boyko grouping that their venture with regard to creating Russian Public Television on the first channel was adventurous and, moreover, had been worked out hastily and that this new redistribution of Ostankino property might lead to a series of precision shots," Mikhail Poltoranin, chairman of the State Duma Committee on Information Policy and Communications, said in an interview with INTERFAX. "It seems to me that Listyev's death is the first tough warning. It is a pity that the brilliant television journalist Vlad Listyev, who had agreed to become the executive director of Russian Public Television, found himself at the sharp end of the struggle to divide up the airwaves and everything around them: The old mafia around Ostankino will not give up such a rich titbit as the first channel.

"If the killer is not a maniac, it is possible to calculate who ordered this provocative killing. Seek them first of all in artistic circles.

"In general, the merging of journalism with capital poses a great danger to journalists themselves."

Vladislav Listyev's tragic death has rocked all of Russian society, which is alarmed at the increasing criminalization of various aspects of life. Therefore the decisive reaction of the authorities, devoid of unnecessary emotionalism, must strengthen hope that the crime wave will be ended.

Gorbachev Calls For Early Elections; Cannot Support Yeltsin

LD0903232595 Moscow ITAR-TASS World Service in Russian 2300 GMT 9 Mar 95

[By ITAR-TASS correspondent Aleksey Bukalov]

[FBIS Translated Text] Genoa, 10 Mar [date as received]—Former USSR President Mikhail Gorbachev called for "early democratic elections" to the supreme bodies of power in Russia at the opening of an international conference entitled "1985-95. From Perestroyka to Quests for New World Equilibria" in Genoa on Thursday [9 March] evening.

He criticized the actions of the Russian Government in Chechnya and stated that "he cannot support President Yeltsin in the present conditions."

*Assistant to President for Legal Issues Profiled

954E0634A Moscow ROSSIYSKAYA GAZETA in Russian 3 Mar 95 Weekend edition p 3

[Interview with Mikhail Aleksandrovich Krasnov, assistant to the President for legal issues, by Valentin Maslennikov: "The Right Back on the President's Team": place and date not given]

[FBIS Translated Text] **We now continue acquainting this paper's readers with politicians who remain somewhat in the shadows but whose influence on processes in society are nonetheless considerable. Allow us to introduce Mikhail Aleksandrovich Krasnov, assistant to the President of the Russian Federation for legal issues. He defines his new job as follows:**

Mikhail Aleksandrovich Krasnov first began to be talked about in political circles after the Federation Council twice rejected his candidacy for the post of constitutional judge. But just who is he? Why has the President so insistently pushed him for the top judicial body?

I will try to answer these questions.

I had not known Krasnov before and had never seen him, although I had heard of this very erudite jurist from the Institute of State and Law, famous as a major expert in matters of constitutional law and... Soviet construction. So I was very curious as I watched him on the speaker's stand of the Federation Council, when, on the President's recommendation, he stood before our senators as a possible constitutional judge. Of slight build, neat and erect, he looked like a light-weight boxer prepared to ward off the attack of an adversary of clearly heavier class. But there was no attack, merely blunt rejection and indifference.

"I will admit," Mikhail Aleksandrovich told me later, "that it was the indifference that hurt me the most. I realized that no one was interested in me as a person and as a specialist. No one could care less what I thought, what I intended to do. No one saw me, all they saw was

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a faceless man on the President's team. That was enough to reject me without looking or thinking. My human dignity was offended. When I was nominated a second time (I knew that there was no reason to hope for success this time either), I said what I thought about the matter. And here's what I think: until a man's dignity becomes a working concept in our society, until we start with the individual when dealing with specific issues, categories such as the individual and the state will exist in nonintersecting planes and it will be hard to build a rule-of-law state.

[Maslennikov] You just became assistant to the President. Is that a reaction to the Federation Council's rejection of you?

[Krasnov] Of course not. It's just that I fit in with the team of assistants that has formed around Boris Nikolayevich. They know me very well there. I worked with Yuriy Baturin for a year and a half on legal issues. And because our workload is growing constantly, it was decided to dump a block of these problems on me and grant me relative autonomy.

[Maslennikov] What do your duties include?

[Krasnov] There are so many that I can't list them all. I see myself primarily in the role of an additional filter of all documents on their way to the President's desk. But I am not just some kind of legal advisor. A whole administration—the GPU [State Legal Administration]—concerns itself with legal appraisal. Naturally I examine these papers from the position of whether or not they comply with legal norms in force. But my basic job is more complex—I analyze documents from the standpoint of their usefulness, which ones are timely or not, which ones will produce undesirable consequences and of what kind. I try to foresee the effectiveness of presidential acts several steps ahead and predict possible outcomes.

[Maslennikov] Let's say, then, that you draw a negative conclusion with regard to some document....

[Krasnov] I state my opinion in writing and submit it to the President through First Assistant Viktor Vasilyevich Ilyushin. And I do so immediately.

[Maslennikov] But let's say the document still comes out in the same form it was. Does that bother or offend you?

[Krasnov] A little bit. But I realize that the President has a lot more information than I. I know my opinion was considered, but certain other considerations prevailed. There's no room for self-importance or arrogance here. We're all on the same team, and it's the leader's job to set strategy and tactics. Nobody forced us assistants to take this job. We knew what we were getting into.

[Maslennikov] People like to talk about the influence this or that assistant has on the President....

[Krasnov] I think it's high time we abandoned that vulgar view of the institution of assistant. Yes we do have the entrenched myth of the vizier who is strong or is out of favor. There's no such category in our time. I repeat, we're a team, very strong professionally (don't think this is boasting on my part, I've only been here a few days). And in terms of purely human qualities as well, which is very important to me. I have never had occasion to work so closely with such highly qualified, decent, original thinkers, intelligent and... spiteful people. I don't think my colleagues will be offended at this assessment. In general, any judgment that is peremptory is not for me. Frankly, I'm afraid of such people. I'm even more afraid of people who function according to ready-made models. Always expect trouble from the unthinking functionary.

[Maslennikov] Which human quality is most important to you?

[Krasnov] Conscience and faith.

[Maslennikov] For such a high-ranking official, your answer is original, to say the least. Are you a believer?

[Krasnov] Yes, for years. Somewhere around the tenth grade I realized that we cannot live through our time without faith in goodness and justice. And it's just one step from that certainty to a belief in God. Of course I don't consider myself an ardent believer or Orthodox fanatic. But I will not cross myself from left to right in church, only from right to left. To me, a believer is a man with a conscience who assesses his own acts in terms of how the Supreme Judge will view them.

[Maslennikov] But for some politicians, carrying a candle in church has become something of a fashion....

[Krasnov] I don't think that's so terrible. Although it might not be a totally sincere move, it is a step in the right direction.... The first step is always the hardest. From infancy they stuffed us with the Marxist slogan, "Existence determines consciousness," and we still suffer from it. Remember how the Bible begins: In the beginning was the Word....

[Maslennikov] What is your education?

[Krasnov] I trained as a jurist. I completed the juridical faculty of Moscow State University. But I always leaned toward questions of psychology. I first enrolled in the university's psychology faculty, but I failed. Then I enrolled in the juridical faculty's night school and worked on the side. I was an apprentice mill operator, a lab assistant, and a stevedore. I did all kinds of jobs. My candidate's dissertation was on the rights of the individual. I worked in a legal publishing house and taught in the All-Union Correspondence Juridical Institute. Then in the Institute of State and Law I worked on the specific relations between the individual and the state. My doctoral dissertation also touched upon psychological aspects, "Responsibility in the System of People's Representation." I tried to give a theoretical interpretation of the state's responsibility to the people. Perhaps that's why I'm in this job today.

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[Maslennikov] But all power comes from God, you know....

[Krasnov] Democratic, constitutional power comes from the people. And the people come from God. The idea of social justice always prevailed in Russia. For us, it is inseparable from the idea of liberty. The connecting link is the state, which is to regulate relations between them through the institution of law. After all, what is liberty without justice? Nothing but highway robbery. But the state without people's control is the GULAG and the year 1937. The state must be controlled and accountable to the people.

[Maslennikov] In the slogans of the rally crowds you sometimes read, "Retire the President!" and "Out with the State Duma!" Are these the people's demands?

[Krasnov] They represent a failure to understand democracy, or intentional exploitation of their rights. The administration has yet to get on its feet, and people are already demanding its overthrow. That is nothing but anarchy. After all, nobody intends to take away the people's gains, in particular their right to elect the government. But once you've elected it don't mess with it, give it a chance. If you don't like this one, wait for the next elections and choose who you want.

[Maslennikov] What do you think of the idea of rescheduling the elections?

[Krasnov] I think I've answered that question. The Constitution stipulates the election dates, and we should follow that. In a law-governed state there can be no other opinion.

[Maslennikov] But you hear ever increasing rumors about a possible forced change in the dates. And it is said that the danger comes not just from anywhere but from within the Kremlin....

[Krasnov] You must not underestimate the danger of such rumors. Any bad word has the bad characteristic of turning into reality. If people keep predicting something bad, it could really happen. Let's not bring bad luck on ourselves. [end of question-and-answer]

I don't want to diminish the image of the President's assistant, but Mikhail Aleksandrovich Krasnov does not yet "look right" in his Kremlin office. He is not very tall, and he doesn't have the look of a boss. You can hardly see him behind his big desk. He himself looks apprehensively at the little side table covered with telephones. He doesn't yet have his own assistants and secretaries. He doesn't know how to order tea or coffee from trained Kremlin personnel.

But now the phone rings. Someone has doubts about one line in the presidential edict being prepared. Immediately, Krasnov seems to grow in stature. His voice is firm. The man before me knows how to say "no!" I have always respected such men. Certain indirect signs tell me that the man sitting across from me has pretty high rank. Krasnov immediately picks up on the essence of the phrase and sets forth a logical chain of possible negative consequences. "No! You can't write that! The President can't infringe on the Duma's rights. I won't approve it."

I don't know what it's about, but I can see that his work style is firm and categorical.

[Maslennikov] Mikhail Aleksandrovich, do you talk that way to your wife at home?

The man across from me grumbles and begins speaking in much milder tones:

[Krasnov] I'm generally categorical when I'm certain I'm right. In this case, for example. Such situations are fewer at home. Frankly, as a matter of fact, I'm not home all that much these days.

[Maslennikov] What is the work day like for the President's assistant, and how do people at home take to your new appointment?

[Krasnov] I work about 13 hours a day. My family isn't very happy about it, of course. I never was home much, but now.... But my wife understands. She's kind of a professional psychologist for me. She takes care of problems of the social adaptation of the various age groups and disappears into the State Social Institute. My kids hardly ever see their daddy, and they are quite young: my little boy is in kindergarten and my little girl is in first grade. I hope when they grow up they'll understand that I was not just a careerist but did work where I could do the most good.

[Maslennikov] How far do you think your present career will go?

[Krasnov] Cross my heart, I hadn't even thought of that. I haven't had the time. I realize, also, that it is not up to me alone. If I fit in, one outcome will result. If I can't get along, things will turn out differently. But even with the most favorable circumstances, it's too early to look past a year ahead; presidential elections are coming up. I'm firmly convinced of one thing, however: the more efficiently and harmoniously we work and the better we understand one another—by this I mean the whole team and its leader—the better people will understand us and there will be less likelihood of surprises.

[Maslennikov] Mikhail Aleksandrovich, what ranks first when you evaluate any of the President's actions or legal acts?

[Krasnov] Justice and the law. When we reach the level where all state acts comply with these things, we will witness a turn toward a better future, the future for which all these reforms have been undertaken. We do not want a "justice" in which everyone exists on beggars' rations. We need to see to it that all the free citizens of our society enjoy the justice of equal opportunities to build their lives as they see fit and as they deserve.

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Military Issues

Kozyrev Comments on OSCE Permanent Presence in Chechnya

LD0903190095 Moscow Radiostantsiya Ekho Moskvy in Russian 1605 GMT 9 Mar 95

[FBIS Translated Text] The signing of a trade agreement between Russia and the European Economic Community is being delayed unjustifiably: this was stated by head of the Russian Foreign Ministry Andrey Kozyrev after the meeting with the foreign ministers of the three European countries. Meanwhile Russia and the OSCE [Organization for Security and Cooperation in Europe] have come to an agreement on this organization's permanent presence in Chechnya. Kozyrev said work is now underway on the specific format of such an OSCE presence in the conflict zone:

[Begin Kozyrev recording] No restrictions for the foreign media were introduced there for visiting this region. A dialogue has been established and it will assume a permanent and increasingly systematic nature, in accordance with our desire, because it was our wish. As far as political assistance from the OSCE is concerned this was interpreted simplistically and became a stumbling block in our cooperation. We believe that widening and not restricting international cooperation is required. [end recording]

Grachev Says 'New Methods' Needed for Peace in Chechnya

LD0903204895 Moscow INTERFAX in English 1928 GMT 9 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 9 (Interfax)—Russian Defense Minister Pavel Grachev said he was in favor of a peace settlement of the Chechen conflict.

He said the Chechen problem could not be resolved by military force. Grachev said the "force stage" was over. "New methods should be applied," he told journalists after a meeting with Bulgarian Defense Minister Dimitur Pavlov in Moscow today.

Grachev said that primarily it was necessary to make the former Chechen leaders discuss complete surrender once again. He said it was also necessary to carry out more active work with the leaders of the local populated centers besides Groznyy.

Grachev said he was in favor of more active contact with the Chechen elders. He said a large number of the elders stated their unwillingness to help Dudayev units and were not letting Dudayev militants into populated centers.

Grachev said task number one was to efficiently restore the Chechen economy. He said he believed that oil refineries, public facilities and the republic's infrastructure must be restored in the first instance. He said fire would still be heard in Chechnya for a long time "but we must not be slow as far as restoration of the Chechen economy is concerned."

Grachev told journalists once again that the Chechen conflict was Russia's domestic affair and only Russia could resolve the problem. He was skeptical when discussing possible assistance of international organizations for restoring the Chechen economy. He said, "Even money allotted by the UN is insufficient for settling the existing conflicts."

Peaceful Settlement Conditions Reiterated

LD0903193995 Moscow ITAR-TASS in English 1922 GMT 9 Mar 95

[FBIS Transcribed Text] Moscow March 9 TASS—The press service of the Russian Government said on Thursday [9 March] that overnight Chechen separatists centred intensive fire at the positions of federal troops in the Leninskiy district of Groznyy.

Units of Russian riot police "sucessfully responded to this provocation", the statement of the press service said.

The statement cited the FSK [Federal Counterintelligence Service] counter-intelligence as saying that residents of Chechen settlements near a strategic route between Groznyy and the town of Argun appeal to FSK officers to "organise protection of their villages against penetration of militants jointly with federal troops".

Speaking to reporters on Thursday, Russian Defence Minister Pavel Grachev said that the federal administration in Chechnya should intensify contacts with elders and local leaders in all the Chechen settlements which announced they would not render support to militants.

Grachev reiterated that a main condition for peaceful settlement in Chechnya must be "a comlete capitulation and surrender of weapons announced by the former leadership of the republic".

Peace Envoy Questioned About Dudayev's Whereabouts

LD0903175595 Moscow Radiostantsiya Ekho Moskvy in Russian 1605 GMT 9 Mar 95

[FBIS Translated Text] Konstantin Borovoy, leader of the Economic Freedom Party, was summoned to the Federal Counterintelligence Service and questioned on the subject of the whereabouts of Chechen President Dzhokhar Dudayev. Borovoy told us the following:

[Begin Borovoy recording] There are two aspects here. The first aspect is the moral one. To all intents and purposes I was fulfilling the role of a peace envoy, of an initiator of a peaceful solution, say, of the Chechen problem. Of course, it is immoral to try using me in order to find out the whereabouts of those with whom I conducted official talks. I have not hidden anything

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about the official talks. And there is the legal aspect, connected with the fact that, according to the Geneva Convention, peace envoys should not be questioned: this is a war crime. [end recording]

Moscow Plans To Boost Arms Exports

LD0903161095 Moscow INTERFAX in English 1340 GMT 9 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 9 (Interfax)—This year's arms exports will run at about $2.5 billion compared with $1.5 billion in 1994, General Director of Russia's Rosvooruzhenie Arms Exporters Aleksandr Kotelkin told a news conference in Moscow.

He said the company's main priority now was to make a success at IDEX-95 international weapons show opening in Abu Dhabi (United Arab Emirates) on March 19.

The director said Rosvooruzhenie which had already spent $2.5 million on preparations for the show will display about 200 specimen of latest weapons and hardware. These include new modification Kalashnikov automatic guns, noiseless weapons, air defense units, self-propelled artillery pieces, rocket launchers and army vehicles as well as assault ships and patrol and fast boats.

Other items include a fast boat equipped with supersonic anti-ship missiles and an air-cushion boat, an antiaircraft missile complex and APC-80A complete with a 30 millimeter caliber gun, all of them to be displayed for the first time.

Kotelkin said that Russian weapons will account for over half of the time set aside for show firing.

On this year's plans, he said his company would continue cooperation with its traditional partners India, China and a number of Middle East states. Russia is expected to sell $7-10 billion worth of weapons to Delhi in the next five years. Among its less traditional customers are Thailand and the Philippines.

Pacific Border District Putina-95 Operation To Begin

LD0903210695 Moscow Radiostantsiya Ekho Moskvy in Russian 2040 GMT 9 Mar 95

[FBIS Translated Text] The 'Putina-95' wide-scale operation of the Pacific Ocean Border District begins tonight. The basic task of the operation is to protect Russia's economic and political interests on the state border in territorial and internal waters and the exclusively economic zone in the area of the Southern Kurils. The operation will be carried out in two stages and will end on 30 October. As well as border guards, sub-units of the Pacific Fleet, the Russian Committee for Fishing, the counterintelligence services, the Interior Ministry, and other federal executive power bodies will be participating in it.

Correction to Spelling of Name 'Kvashnin'

WA0903180495

The following correction pertains to the item titled "Kvashin Describes Chechnya Operation," published in the 7 March Central Eurasia DAILY REPORT, pages 22-27:

Change name of Colonel General 'Kvashin' to 'Kvashnin' in headline and subslug text (correcting spelling of name per recheck of 2 March KRASNAYA ZVEZDA).

Federal Assembly

Duma Not To Consider Draft Federal Budget on 10 Mar

LD0903142295 Moscow ITAR-TASS in English 1308 GMT 9 Mar 95

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow March 9 TASS—The State Duma committee for the budget, taxes, banks and finance has decided that the draft federal budget for 1995 would not come up for fourth reading in the house on Friday as planned earlier, according to committee deputy chairman Aleksandr Zhukov.

According to him, the draft budget-95 will certainly come up for discussion in the lower house of the federal legislature on Wednesday, March 15.

Zhukov said the reason for the postponement was that the committee jointly with the government "has not yet fully screened" the text with corrections and additions made after third reading in the house.

The final decision on the date of discussion of the draft budget in the lower house of the Federal Assembly is due to be made by the State Duma council late on Thursday, Zhukov said.

State Duma Expresses 'No Confidence' in Interior Minister

LD1003091795 Moscow ITAR-TASS in English 0852 GMT 10 Mar 95

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow March 10 TASS—The State Duma's plenary meeting on Friday expressed no confidence in the Federal Minister of Internal Affairs Victor Yerin and the Acting Prosecutor-General Aleksey Ilyushenko.

Two hundred and sixty-eight Duma members voted for no-confidence in Yerin, and two hundred and sixty-seven voted in favour of no-confidence in the acting prosecutor general.

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The move was part of the repercussions in society caused by the slaying of tele-journalist Vladislav Listyev last week. Earlier, President Boris Yeltsin fired two top law-enforcement officials in Moscow.

Vote Termed 'Futile Gesture'

LD1003093695 Moscow ITAR-TASS in English 0927 GMT 10 Mar 95

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow March 10 TASS—In an emotional but futile gesture, the State Duma's plenary meeting on Friday expressed no confidence in the federal minister of internal affairs Viktor Yerin and the acting prosecutor-general Aleksey Ilyushenko.

Two hundred and sixty-eight Duma members voted for no-confidence in Yerin, and only one vote less called for no-confidence in the acting prosecutor general, but since the Duma vote in this matter is recommendatory and not binding in character, it remains to be seen what will follow.

Only the president is entitled to relieve Interior Minister Viktor Yerin of his post. As concerns Aleksey Ilyushenko, he will continue as acting procurator-general even though the upper house has twice refused to confirm him in the office.

The Duma vote was part of the repercussions in society caused by the slaying of tele-journalist Vladislav Listyev last week. The day after the killing, President Boris Yeltsin said it would be fair to sack two top law-enforcement officials in Moscow.

The duma expressed acute dissatisfaction with the state of affairs in combating crime in the country as a whole. Its members said the sacking of the Moscow police chief and of the capital's chief prosecutor were steps devised to protect the federal minister of internal affairs and the prosecutor-general from their share of responsibility.

In the course of the debate in the State Duma, Chairman of the House Committee for Legislation and Court Reform Vladimir Isakov said that the firing of Moscow's chief prosecutor by an order signed by the acting federal procurator-general was a sample of "nomenklatura responsibility".

Chairman of the House Security Committee Viktor Ilyukhin stressed that the order firing the Moscow chief prosecutor was worded in a way bespeaking "Aleksey Ilyshenko's incompetence".

Deputy Chairman of the Russia's Choice Faction Boris Zolotukhin spoke in support of the no-confidence vote and stressed that as long as Yerin and Ilyushenko remained in their offices, "a number of the most important crimes which shook the country will remain unsolved".

Terekhov, Titov Among Contenders for Duma Seat

MK1003090095 Moscow SEGODNYA in Russian 10 Mar 95 p 2

[Report by Viktor Khamrayev under the "Procedure" rubric: "A 'Derzhavnik' Lieutenant Colonel and a Communist Cosmonaut Want Seats in State Duma for Six Months. Elections Are To Be Ritual Most Likely"]

[FBIS Translated Text] The parliament seat which became vacant in the wake of the State Duma Deputy Sergey Skorochkin's slaying will be filled by a new man on this coming 14 May for which elections have been called in Kolomenskiy Electoral District No. 107 (the town of Zaraysk, Moscow Oblast).

The smarter aspirants are already collecting voters' signatures to make it onto the voting list. So far there are two of them, both military men. Colonel Stanislav Terekhov, a person not unknown (for the October 1993 events and for the raid on the CIS joint staff that preceded those events), and Lieutenant General German Titov, a person known to everyone (for the second manned space flight in the history of human civilization).

Colonel Terekhov who has gained some political experience in creating the Officers Union and the Derzhava party and in the calling of an All-Army Officers Assembly, as well as in holding celebratory demonstrations of the communist public on Moscow's streets, has decided (in line with the program provisions of his union, party, and assembly) to make an attempt "to gain access to power" with the objective of legalizing the political and social interests of the "patriotically and derzhava [state]-minded" among the countries' officers.

The true reasons that moved cosmonaut No. 2 to "gain access to power" have not been revealed at the first stage of the attempt. It is only known that German Titov as a professional is worried about the present situation in Russian astronautics. It is this worry, one would think, that underlies the pilot-cosmonaut's political credo who has stated not long ago: "I am a Communist."

However, the election results (if of course the voter shows civic sense and does not disrupt the procedure) would hardly alter in any way the current balance of forces in the legislature. Unless some other more or less influential parties and factions of the State Duma indicate their interests in the coming by-elections, their result is only going to affect the self-esteem of the candidates who wanted to be deputies for the duration of under seven months and the whole exercise will be of the nature of a ritual.

Duma Backs Zhirinovskiy Call To Debate Nationalizing TV

LD1003110795 Moscow ITAR-TASS in English 1102 GMT 10 Mar 95

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

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[FBIS Transcribed Text] Moscow March 10 TASS—Members of the State Duma today seconded the motion by Liberal-Democratic Party Leader Vladimir Zhirinovskiy to discuss at the next meeting of the lower house of the Russian Parliament the nationalisation of television in Russia and the establishment of parliamentary control over it. Mikhail Poltoranin, chairman of the Duma Committee for Information Policy, was asked to draw up the corresponding documents.

Addressing a press conference here after the Duma decision, Zhirinovskiy said that "all the Russian TV networks must be nationalised and placed under tough parliamentary control". The leader of the Liberal-Democratic Party stressed, moreover, that "all the TV networks without exception, including the joint-stock and private TV companies, must be nationalised". Otherwise, he claimed, "the future parliamentary and presidential election campaigns will be rigged and then the elections themselves will be falsified".

The press conference was also told that a delegation of the Liberal-Democratic Party would visit Libya at the invitation of Mu'ammar al-Qadhdhafi from March 25-28.

Public Television Details Authorized Stock, Shareholders

LD1003133395 Moscow INTERFAX in English 1127 GMT 10 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 10 (Interfax)—The authorized stock of the joint stock company known as Russia's Public Television, amounts to 10 billion rubles and is divided into 1,000 10 million ruble registered shares. It is made up of the founders' investments, RPT declared in a package of documents distributed in the State Duma Friday.

Friday evening the State Duma will be expected to hear reports from RPT chairman Aleksandr Yakovlev and the chairman of the all- Russian state-managed radio and television company Oleg Poptsov.

Thirty six percent of the RPT shares belong to the State Property Committee, [9]

- to the Russian state-managed TV company Ostankino, [8]

- to the joint stock company LogoVAZ, and another [8]

- to the Obyedinennyy Bank. The Inkombank, Menatep, Natsionalnyy Kredit, Stolichnyy and Alpha banks, as well as the joint stock company Mikrodin, control, each, [5]

of the shares, with the state-managed TV Technical Center, news agency ITAR-TASS and joint stock Independent TV Companies' Association controlling [3]

of the RPT shares.

Duma Votes To Dismiss Human Rights Commissioner Kovalev

LD1003123395 Moscow ITAR-TASS in English 1224 GMT 10 Mar 95

[By ITAR-TASS correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow March 10 TASS—The Russian State Duma dismissed Human Rights Commissioner Sergey Kovalev on Friday who is known for bitter criticisms of the military campaign in Chechnya.

Kovalev, however, retains the position of the chairman of the Human Rights Commission at the Russian president.

The Duma approved a resolution by 240 votes against 75 which cancels its previous decision of January 17, 1994 appointing Kovalev as the human rights commissioner of Russia.

The move to dismiss Kovalev was motioned by conservative lawmaker Sergey Baburin. He told TASS that now the "post of the human rights commissioner remains vacant". Baburin said that the personality of Kovalev impeded lawmakers to adopt the law on human rights commissioner. Now that the post is vacant the lower chamber will pass the law and appoint the commissioner according to it, Baburin said.

However, lawmakers failed to adopt the law under the second reading on Friday. It became clear that the lower chamber would lack 300 votes which are necessary to pass the document which is a constitutional law. Deputies agreed to return to the issue later after the text of the law is improved.

*Situation in Agro-Industrial Complex, Agrarian Party

954E0644A Moscow SELSKAYA ZHIZN in Russian 4 Mar 95 pp 1, 2

[Interview with Mikhail Lapshin, chairman of the Agrarian Party of Russia, conducted by SELSKAYA ZHIZN editors; materials prepared by Mikhail Sharov: "Common Sense Will Prevail..."]

[FBIS Translated Text] **As we have already reported, our editors held a meeting with Chairman of the Agrarian Party of Russia M. I. LAPSHIN. At the beginning of the discussion, Mikhail Ivanovich told in detail about his latest trips throughout the country, about the activity of the regional organizations of the APR [Agrarian Party of Russia], and about the problems of the peasant movement. Then he answered the questions of journalists.**

[Correspondent] How do you evaluate the situation in the agro-industrial complex today?

[Lapshin] As being critical. As being like an avalanche. Misfortune has come to our doorstep: Russia, a peasant country, is on the brink of losing its food security. This is

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fraught also with the possibility of loss of state independence. That of which we warned 2 years ago has come to pass: Agriculture has been brought to a state of collapse. The ruling regime has found the most painful and vulnerable spot in the mutual relations of the state and the APK [agro-industrial complex], the city and the farm—the disparity in prices and the decline in the purchasing power of the population have placed the farm in a humiliating position.

The financial picture is most difficult. There is practically only a month left before we must go out into the fields, but the equipment has not been repaired due to the lack of funds. Moreover, we need not even mention the provision of mineral fertilizers, since the chemical industry is not operating. The reason is the same: Lack of funds. And that is the situation also with many agricultural machine building enterprises, which are also standing idle.

If the question of allocating financial means for performing Spring field work is not resolved in the nearest days and hours, the gloomy prediction that the decline in production in the current year may reach 15 percent will surely come to pass. But what is 15 percent for agriculture? We have already grown accustomed to even higher rates of decline as, for example, in industry. Nevertheless, this is an entirely different question. Let us figure it out. In Russia there are 130 million hectares of arable lands, and 15 percent of 130 is almost 20 million hectares. If we consider the fact that last year 15 million hectares were practically not sown, then altogether 35 million hectares will be "idle." As you understand, the result of such "idleness" will be rather bitter and unpredictable. Moreover, to sow without fertilizers means to expend the labor for nothing.

[Correspondent] The main question today is one of land. What is your point of view on purchase and sale? Also, why has the Land Code still not been adopted?

[Lapshin] Our viewpoint coincides with that which was expressed at the All-Russian Rural Meeting in the Summer of last year in the peasant order on land. Essentially, it stated that the land turnover through the mechanism of purchase and sale is unacceptable for Russia.

Now about the code. You may recall that in July of last year the draft of the Land Code was submitted to the government, which considered the viewpoint of the peasants and presumed that there would be regulated land relations. But immediately, in a hasty manner, an alternative law on land was thrown together by "Choice of Russia." And the Duma, by a majority of votes, under protest from the agrarians, adopted the decision to develop a hybrid of the two drafts, despite the fact that they contained directly opposing viewpoints. One point of view was not to sell, the other—to sell without limit.

The search for a compromise is what is dragging out the adoption of the code. However, I would like to say that the variant presented by our agrarian committee will be submitted for the first reading sometime in mid-March. Although we still do not know what is better: To submit or not to submit it, since the agrarians do not have enough like-minded supporters on this question in the State Duma. I am deeply convinced that for us the Land Code is a heavily mined field: If we enter onto it without thinking—we may get blown up.

[Correspondent] What specifically has the "Agrarian Party of Russia" accomplished during its year of work? This question is frequently asked by our readers.

[Lapshin] I can say that our trips to the regions are primarily associated with reporting on the work we have done.

First of all, our faction brought to the leadership of the State Duma the Agrarian Party member Ivan Petrovich Rybkin, who under the most complex conditions—when the Duma was created especially so that at any moment it could be disbanded and cast aside, like an annoying instrument—is confidently handling the presented task. Our faction brought Aleksandr Grigoryevich Nazarchuk to the post of Minister of Agriculture, and this cost us considerable effort. A government decree which was very important to the peasants, "On Economic Conditions of Functioning of the Agro-Industrial Complex in 1994," was adopted at the insistence of our faction. Our faction also achieved a 10 year postponement on repayment of credits, and the write-off of a gigantic sum, which comprises somewhere on the order of R6 trillion.

The faction is also performing extensive legislative work. We have developed and adopted a very important law, which allows the regulation of relations between the state and the peasants—on the procurement and delivery of raw materials and agricultural products for state needs.

Why this law does not operate is another question. And it does not operate not because we have poor legislators, but because the executive structures and the government do not want to make use of this law. However, we adopt laws not for one year, but for decades. We expect that, when a normal command comes to power, the legislative base for work will already be created.

In the depths of the State Duma, they are already preparing—we might say that it is already at the outcome—a law on agricultural cooperatives. It has not yet been adopted, but it has already triggered a big attack on the part of the democratic press. Why so much attention to a document which has not yet been adopted? Why, because it inhibits the aspirations of the reformers to cut up everything into small pieces and to turn the peasant, as they say, into a solitary hero, so that each one would live and survive by himself. But this law allows peasants the opportunity to unite into stable and viable collectives.

We believe that if a person has made the decision to voluntarily enter a production cooperative, he must also

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work in it. If he has decided to isolate himself, then take your money and good-bye, as it is in the entire world. Not one stable production unit should be created for the purpose of falling apart at any given moment. At the same time, the right of choice is retained, if someone wants to pursue peasant, individual farming. No one is going to force the peasants into a cooperative. But there are people who want to work together.

Today there is also a law on the peasant, individual, farm in the stage of preparation. Those who have decided to engage in individual farming should be confident of their future. We are also preparing a law on collective farms.

We see the sense of our work in creating a legislative foundation for all forms of economic management and ownership, for agrarian reforms. In line with this are also the laws on the state agricultural enterprise, and on the joint-stock and municipal agricultural enterprise. The law on state regulation of the agro-industrial complex and a number of others are at a high stage of preparation.

As you see, the faction has worked and is working at the present time. Our deputies, and there are 55 members in the faction, are distinguished by their high discipline and capacity for work. It has also done much for the growth of the party. Organizations of the Agrarian Party of Russia are active in 80 regions. The numbers of our ranks are already approaching 250,000. In a year, they have grown by over 150,000 persons. All the parties taken together have not experienced such growth, including our ally—the Communist Party of Russia.

In general, one can talk at length about the question which has been posed. After all, aside from lawmaking, the deputies also perform extensive work in the okrugs and fulfill the directives of the voters...

[Correspondent] Mikhail Ivanovich, the APR, as you have repeatedly stated, is in opposition to the ruling regime. Nevertheless, two of its representatives—A. Kh. Zaveryukha and A. G. Nazarchuk—work in the government. Does this not seem nonsensical to you?

[Lapshin] No, it does not seem so! Because I am deeply convinced that through the members of the party in the government we can defend and protect the interests of the peasantry and all the people. Moreover, we must know the current system of power. The so-called government occupies an extremely insignificant role in this system. All the fullness of executive power is concentrated in the hands of the president. I must say that it is not so easy for both Aleksandr Kharlampiyevich and Aleksandr Grigoryevich in the federal government, because most of the members of the cabinet do not know anything about agriculture and do not understand all the complexity and specifics of this sector.

We do not hide our position, believing that even under this regime we must enter into power, conquer one beachhead after another, so as to have a real influence on the state of affairs and to improve them. There are many prominent professionals in our faction. For example, we could propose our representatives to the posts of deputy premier for work with the CIS countries, minister of finance, minister of justice, and other state duties. Here we are distinguished from the faction of communists, who consider it unacceptable to work within this government. Common sense tells us: No one else, only we ourselves, will give us deliverance...

[Correspondent] Mikhail Ivanovich, you call the Agrarian Party of Russia all-national, but it is most often strictly agrarian questions which fall under your sphere of work. Why?

[Lapshin] We call it that because our party is multinational, because in its ranks there are ordinary peasants and farmers, and teachers, and specialists, and workers of industrial, trade and other enterprises and organizations. On the other hand, in protecting the interests of agrarians, we are thereby resolving all-national questions, and primarily the question of food security. You must agree that this concerns everyone. Land questions, I believe, also concern everyone. We are defending the interests of the integrity of the state. In other words, our sphere of program principles includes not departmental, but all-national questions.

[Correspondent] In this connection, we would like to know your position on the rebirth of the former USSR on a new basis.

[Lapshin] I expressed the position of our party at the Second Congress of USSR Peoples held on 13 December 1994, when I said that the Agrarian Party of Russia is in favor of the rebirth of a union state. Moreover, unlike other parties and movements, we are not simply declaring our goals in this direction, but acting specifically on them. A meeting was recently held with the leaders of the agrarian parties of Moldova, Belarus, Ukraine and Armenia. We are seeking a solution to the problem through the joint action of the fraternal parties.

[Correspondent] You travel around the country a lot. What are your impressions from your meetings with people?

[Lapshin] The level of destruction of our state is, of course, great. But nevertheless, I must emphasize that the peasants are exhibiting a maximum of patriotism and wisdom during this most difficult time for them. It would seem, it is unprofitable to keep cows, unprofitable to engage in livestock raising in general, but nevertheless they do so. It would seem, the market demands: Slaughter everything, reduce production to some single most profitable crop, lay off people, tear down the social infrastructure—it is not giving anything but losses. But the peasants, like true supporters of the great power, are trying to preserve everything and to feed us.

They are speaking out most decisively against the Nizhegorodskiy model of reformation of the farm, and do not understand why the experience of disintegration which is

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concealed in this model is being propagandized, while the existing experience of preserving and increasing is, on the contrary, being ignored. From many meetings, I have become firmly convinced: The people want to preserve production. They want reforms, they want to enter the market, they want real multiplicity. But without force, without contrived experiments, without disintegration.

[Correspondent] What is the attitude of the local power structures, the heads of administration of agriculture, to the regional organizations of the APR?

[Lapshin] I well say frankly that with the coming of Aleksandr Grigoryevich Nazarchuk to the ministry post, the attitude toward the party has changed noticeably. Previously, many leaders of agrarian formations were rather cautious—what will the head of administration say, will there be any political consequences for entering our party? There were such cases. Today, however, the situation is different. The heads of oblast administration of Voronezh, Volgograd and a number of other oblasts have joined our party.

Undoubtedly, this is also associated with the fact that the APR has today gone from being a party which is being created to a party which is active, a real political force which cannot be ignored. For example, in Mordovia the APR, in essence, has become the ruling party. The chairman of the Council of Ministers, and the minister of agriculture and the chairman of the State Assembly are all members of the Agrarian Party.

In short, a serious turning point can be seen. This is especially noticeable in the position of the heads of administration of oblasts and the leaders of republics, since they have become convinced that the APR is a party of constructive action, a party of building, a party of great-power patriots.

[Correspondent] In this connection, tell us, please, about the growth of the ranks. How do the regional organizations feel?

[Lapshin] Today our task is for the organizations of the APR to act in each rayon, in each village. Some regions have gone far ahead in this question—in Altay, in Bashkiriya, Mordovia, Lipetsk, Penza, Ryazan, and Rostov Oblasts. Others are somewhat lagging behind. But there is a regularity here. Quite often, we first accumulate qualitative changes, which then sharply lead to quantitative changes. Rostov Oblast is indicative in this respect. In the Summer of last year there were around a thousand, but now there are already around 7,000 members of the APR.

[Correspondent] You say quality acquires quantity. But are you not afraid that in this quantity there will emerge scoundrels who, having once gotten a taste of power, will then betray quality?

[Lapshin] You have asked a question which is very important for us. This problem was acutely raised also at the 3rd Party Congress, the problem of not infecting our ranks with the "virus of Gorbachevism"—that is what they called this phenomenon at the congress.

I will say directly that even today there are such "fellow comrades" who come to us and say: I am entering your party, but under the condition that you put me in fourth place on the list of your electoral association. It is true, these are singular cases. Most of the new members are joining not in search of portfolios or deputy mandates, but in order to protect the all-people's interests, to save the country from disintegration.

[Correspondent] Mikhail Ivanovich, what is the connection of the center with the rank-and-file party members? Is there such a structure which would bring together the central council and the low-level organization? And do you think that additional levers of administration and influence are needed—your own radio station or a printed publication?...

[Lapshin] I never engaged in party work before. All my life, I worked in the village. And I viewed party work and the raykom [rayon committee] as an organ where they might summon you and give you a thrashing for something. And I especially, by my character, am a man who, if convinced of something, am difficult to dissuade. Perhaps that is why I had acquired as many as 28 penalties by 1985.

I am saying this because we have not inherited the style of work of the former leadership party. We are open and accessible to every party member. We continuously hold meetings where we conduct a frank discussion about the pressing affairs and problems. Perhaps that is the best form of communication.

As for radio stations and publications... The party is young—it is only a little over 3 years old, so we do not have the funds for creating our own mass media, and we cannot hope for help from the government or commercialists.

We have defined what printed publications we will cooperate with. These are the newspapers SELSKAYA ZHIZN, ZEMLYA I TRUD, ZEMLYA I LYUDI, NIVA ROSSII, SELSKIY KOMMERSANT, and DECHNIKI, whom we strive to help in their subscription campaigns. For us this is the only access to the masses, since the road for us is practically closed on Russian radio and television. There the directive on whom to talk to and whom to show is meticulously fulfilled.

In the regions the situation is somewhat better. In the past year, we were able to organize 16 party newspapers in the oblasts—in Belgorod, Samara, Volgograd, Saransk and a number of others. During our trips, we strive to actively cooperate with the press and television—the local journalists, I might add, are eager to enter into contact with us, which I cannot say about Moscow journalists.

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[Correspondent] Who are your allies today, and who are your potential allies? Are you not late in selecting your candidate for president—time is passing!

[Lapshin] At the APR Congress, we defined ourselves on this question in the following manner: On the left are the communists and the socialists, on the right are the patriots and the state supporters, as well as the trade unions, the domestic progressive industrialists and entrepreneurs, and the goods producers. Our allies are all those who hold Russia dear, who support the rebirth of the state, who defend various forms of ownership and economic management, and do not fall into some extreme as, for example, "Choice of Russia."

Now about the candidate for president. Yes, we have announced that peasant Russia has, through much suffering, earned the right to select its president from among the peasants. But at the same time, we understand very well that no single political force alone will bring a candidate to this post. We, the representatives of the leftist and left-centrist block, are doomed to a joint candidacy. The question lies elsewhere: For the present time, not all are ready for the supreme act of political culture, and all parties with the exception of ours suffer from "great leaderism" and present their own leader. But we hope that here too common sense will prevail.

[Correspondent] What is your attitude toward the proposal regarding early elections of president, which G. A. Zyuganov presented?

[Lapshin] We did not participate in collecting the signatures in support of this proposal, since there is no law on referendum. We viewed this action by the communists as a means of pressure, as a designation of a social vector. As soon as the law is adopted, we too will join in collecting signatures. It would perhaps be expedient to hold the presidential elections ahead of schedule, say, in March of 1996, but necessarily after the parliamentary elections.

[Correspondent] What is your opinion of today's politicians? Which of them can aspire to the supreme state office?

[Lapshin] Among the well-known ones I would name Yeltsin, Chernomyrdin, Luzhkov, Rybkin, Shumeyko, Rutskoy, and Zyuganov. I hold a high opinion about some of them.

I would like to speak separately about Ivan Petrovich Rybkin. He is fulfilling his party assignment fairly well—that of bringing the Duma, together and intact, to the next elections. And many of his passages are largely associated with skill in bringing to shore that ship which, according to the constitution, is very unstable.

[Correspondent] And what is your attitude toward P. V. Romanov, deputy of the Federation Council?

[Lapshin] My attitude toward him is very respectful. I have known him for almost a year. He is an honest man who loves our country. However, I believe that he has one shortcoming, which is through no fault of his own: For a long time, he was the director of a defense plant and lived in a certain enclosed space, not knowing true reality.

[Correspondent] And what does N. I. Travkin represent today?

[Lapshin] He does not represent anything. He has fully discredited himself, and the party has banished him from its ranks.

[Correspondent] What is your attitude toward N. I. Ryzhkov's announcement to the effect that, if he were elected president, his first edict would be to eliminate this office?

[Lapshin] You know, even when I was the leader of the agrarian faction in the former Supreme Soviet, I and our faction on the whole actively spoke out against the introduction of this office. But after the events in Chechnya, the problem of federalism in Russia has arisen most acutely, and the office of head of state, as the symbol of unity, evidently must be retained. The question lies elsewhere: What kind of president do we need as head of executive power? For Russia, I believe the following variant would be acceptable: A strong parliament and a strong government, answerable to parliament.

[Correspondent] What is your opinion of Zhirinovskiy?

[Lapshin] Socializing almost every day with Vladimir Volfovich, I would not underestimate his personality. Zhirinovskiy is a unique phenomenon for that fertile soil on which he has sprouted. Based on this, I believe that the leftist, left-centrist and patriotic forces here must wage the battle on two fronts: Against the right-wing radicals, who have destroyed the country, and against Zhirinovskiy who, coming to power, would break no less firewood, and perhaps even more than the current command.

As far as what Zhirinovskiy represents, here are three facts for you to ponder. We are going up in the elevator, and he says that he would immediately introduce the following law: The communists are criminals; on 25 October 1917 they staged an overthrow, and they must be condemned. Then the second time he says: "You should fight more with the communists. The more you fight, the stronger I will be." The third time he announces: "I sent a directive to my party organization, that they should fraternize with the communists. I announced to the entire country that the LDPR [Liberal-Democratic Party of Russia] and the Communist Party are the closest of friends..."

[Correspondent] Allow me to ask three questions at once. The first—your age and your family. The second—what is your attitude toward the current lack of control, and when will this lawlessness end? And third—what is your attitude toward Gorbachev, whom many consider to be the main guilty party for what is going on?

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[Lapshin] I am 60 years old. I am married, naturally. My wife studied together with me at the Timiryazevskiy Academy, and worked all her life in the village. For over 30 years, I headed up the sovkhoz [state farm] in Podmoskovye, and turned it into one of the leading sovkhozes.

My first and second sons graduated from the Institute of Agricultural Production Engineers imeni Goryachkin, and work on the farm. The first son works in a small equipment repair enterprise, and the second is the manager of a large department. My third son is a first-year agronomy student at the Agricultural Academy imeni Timiryazev.

As for the second question, there is, I might say, one solution: Within the framework of the law and within the framework of the political process. Because nothing else is given. If we rise up today—such an attempt was made in 1993—we, the deputies of the Supreme Soviet, were taught a lesson in the harshest manner. The example of Chechnya is today showing the entire country what could happen. No one, I might add, is hindering us from organizing politically in this regard, from winning within the framework of the elections and changing the situation.

As for Gorbachev... Like any person who lived in the village, I too dreamed of some changes, believing that our economy needs prudent reforms, which would give it new breath. I believed in his slogans up until a certain moment, but after the 28th CPSU Congress, to which I was a delegate for the first time, I understood that Gorbachev is not simply a man who is incapable of leading, but a man who is the greatest evil for the country. He began to tear it down, and Yeltsin finished the job.

[Correspondent] What is your viewpoint on the president's message?

[Lapshin] If we speak in broad terms, then this message reflects all the tragedy of our constitution, all the imbalance of the system of power, when the president is placed up on such a pedestal that he is practically not answerable to anyone—neither to parliament, nor to the people. He has demonstrated this once again by his message. First of all, the collection of general phrases, and secondly, it is nothing but disjointed ideas, contradictory and mutually exclusive promises. If we consider the fact that a huge number of people labored over this message, this is an indication of the level of professionalism of this administration.

I believe—and this is the opinion of our entire faction—that the message was presented for the sake of form. It is written in the constitution that he must present an address, and so he presents an address, and cares about nothing else. It is not constructive, and it has no relation to real life.

Federation Council Criticizes Government Over Agriculture

LD0803153595 Moscow INTERFAX in English 1414 GMT 8 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 8 (Interfax)—The Federation Council (the upper house of the Russian parliament) has passed a resolution offering the prime minister to bring to book the cabinet members who failed to comply with last month's government resolution on measures to help the farming sector with this year's sowing campaign.

The government is also offered to comply with a Council resolution on financial aid and credits to the sector in 1995.

Under the resolution, the government was given ten days in which to resolve the question of allocating Rbl [rubles] 12 trillion worth of centralized credits to the agrarian sector in the first half of this year, half of that amount for the purchase of whatever is needed for the sowing campaign in the first quarter of 1995.

However, the government did not even bother to consider it, the Council said.

The new resolution describes the sector's financial standing as catastrophic. It says the government has fulfilled only by a mere 5 percent the financing of 12 federal programs aimed to increase farm production in 1994 and by 53 percent the sector's day-to-day needs.

Regional Affairs

Reportage, Commentary on Conflict in Chechnya

White Paper on Dudayev Forces' 'War Crimes'

MM0903100095 Moscow KRASNAYA ZVEZDA in Russian 4 Mar 95 p 6

[Unattributed feature under the general heading "Documents. Evidence. Facts": "'White Paper.' Chechnya: 1991-1995"]

[FBIS Translated Text] A "white paper" is a generally accepted way worldwide of disclosing war crimes by various regimes through eyewitness testimony, facts, and documents.

In the annals of history there have been "white papers" on the atrocities committed by the Hitlerites, the crimes of Stalinism and Pol Pot....

Chechnya. Dzhokhar Dudayev. Some people were building themselves another Kuwait, laundering dirty money, and swimming in unthinkable luxury, while others.... Indeed, what did we know about the others?

Russia's Federal Counterintelligence Service has issued a "white paper" on the crimes of the Dudayev regime. Only facts, only documents, only evidence....

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Here is just a small section of it.

Defense Ministry
Military Unit 30106
24 March 1992
No. 136
364051, Groznyy, Chechen-Ingush Autonomous Soviet Socialist Republic
To the Russian Federation general prosecutor

Statement

Ever since the president of the Chechen Republic was elected and declared sovereignty there has been a sharp change in the attitude toward military units and servicemen themselves both on the part of power structures and on the part of the population, which has been constantly angered by the claim that Soviet Army units are the source of all the negative phenomena in the republic. Unjustified accusations of embezzlement and the sale of arms, combat hardware, and other military property are being leveled against unit commanders. The tension regarding servicemen and military units is tending to increase. There have been repeated demands that the troops leave the republic and leave behind not only the units' property, but property belonging to individual officers and warrant officers as well, on the grounds that it was allegedly stolen from the local population. The demands are increasingly accompanied by threats of physical reprisals.

No action has been taken by the relevant republic authorities on a single case relating to the abuse, including physical abuse, of officers, warrant officers, and their family members, attacks on sentries, or the seizure of motor transport—the culprits have not been found or punished, and the stolen property has not been returned. The tension regarding military units peaked in the first 10 days of February, when certain extremist circles organized attacks on garrisons with a view to seizing weapons and stealing property.

Thus, a regiment of internal troops, an aviation training regiment, and a regiment of the country's air defense radiotechnical troops were captured and routed.

In the period 7-9 February attacks were organized on units at the okrug training center—the 1st and 15th garrisons.

As a result of these attacks some weapons, motor vehicles, and other property worth more than 2 million rubles [R] were stolen. Garrisons and, particularly, arms and ammunition dumps were successfully defended thanks to the efforts of the officer corps. By decision of the [Chechen] president in order to avert any repetition of the attacks paramilitary formations were assigned to the 1st and 15th Garrisons, tasked with providing external security for the garrisons. But these subunits, with the connivance of their leaders, embarked on the organized robbery of the garrisons and the abuse of the officer corps, and, as a result, organized opposition to regular servicemen from paramilitary formations and the people as a whole.

Thus, the men of the "Cheborz" company under the command of Shamil are robbing the 1st Garrison on a daily basis. Eight motor vehicles have been stolen, and weapons have been removed and stolen from three armored reconnaissance vehicles, as have communications systems, motor vehicle spares, and other property.

The men of the Afghan battalion guarding the 15th Garrison have also stolen several motor vehicles, illegally confiscated 13 firearms from officers, and stolen batteries, motor spares, and other property. Including 10 assault rifles obtained by the chief of the service and the chief of the dump to upgrade the weapons used by the officers following an order from the unit commander. This case can be assessed as downright robbery.

None of the attempts to stop the pillaging of the garrisons by their "defenders" have had any success. Appeals to the republic's leaders, including the president, have had no result. Moreover, we can conclude from investigations carried out by the republic Prosecutor's Office, which has been investigating attacks on military units, that attempts will be made to cast the servicemen as the main culprits. Only officers and warrant officers are being questioned, whereas no measures are being taken against the actual organizers or the people responsible for the attack and the daily robberies.

I would ask you to draw certain conclusions from this statement and to take practical action to protect the officer corps from attacks and abuse, and garrisons from robbery and embezzlement. Otherwise the officer corps reserves the right to come to the defense of its own lives, honor, and dignity, using all the powers and means at our disposal.

[Signed] Major General Sokolov, commander of military unit 30106

From an official document:

"In 1993 alone 559 trains have been attacked on the Groznyy stretch of the North Caucasus Railroad, with items worth a total of R11.5 billion being stolen from around 4,000 cars and containers. In the first half of this year there have been attacks on 450 trains, and items worth more than R7 billion have been stolen from rail cars and containers.

"During its existence the regime has issued R10 trillion in forged advice notes, which have been distributed throughout Russia. In the fall of 1993 a Chechen criminal grouping produced R10 billion in forged bank notes in Turkey and brought them into our country through Chechnya.

"Thousands of criminals who have taken refuge in Chechnya are beyond the reach of Russian law-enforcement organs, and the requests to extradite them are ignored."

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To Hetman Martynov of the Cossacks' Union from the Yenin family - - Lieutenant Colonel (Reserve) M.I. Yenin, and R.V. Yenina and S.M. Yenina, mothers of three children living temporarily at the Soviet Army Central House Hotel.

We, Lieutenant Colonel Yenin's family, were forced to flee Groznyy, leaving our apartment and our goods behind. Recently it had become absolutely impossible to live there. We, three lecturers, were forced out of our jobs (fired) in April and our personal effects were confiscated (S.M. Yenina is a biologist, R.V. Yenina is a mathematician, and M.I. Yenin is a physicist). We were forced out in the middle of the academic year, and left without the leave, coupons, or compensation that was due to us. Then our children started being persecuted. A bottle of mercury was thrown at the school which most Russian children attend. The girls were scared to go out, since young Chechen men constantly followed them, hoping to rob them. The situation on transportation and in the bread stores was intolerable. It was impossible to buy even a loaf of bread without encountering abuse and provocations. When you went home you might be kicked in the back or have your coat slashed by a knife. I finally managed to get a job as a kindergarten teacher, but my pay was just R105 (despite my degree), and nobody was going to pay compensation or child benefit. Yet Chechen workers were earning high salaries. Before the elections a Dudayev gang of young men tried to break into our apartment at night. They stuck daggers in the door, crying: "If you don't clear off back to Russia tomorrow, we'll cut you and the whole town to pieces." It was only by a miracle that they were unable to get into the apartment. We shouted, made a lot of noise, and assured them that we would leave. Like thousands of other Russians, we had to leave our home. We now have no roof over our heads, no jobs, no benefits, and none of the aid given to the poor. We came here because my husband served with the Moscow District Air Defense Troops for most of his service career and is a reserve lieutenant colonel. We had an apartment. My daughter studied here. Our nephew, who is a graduate of the military academy, lives here. We would ask you to help us get residence permits and a roof over our heads, since otherwise it will be impossible for our children to exist, work, or study.

[Signed] R.V. Yenina, S.M. Yenina, and M.I. Yenin, reserve lieutenant colonel.

[Dated] 18 February 1992

To Russian President B.N. Yeltsin
Copy to Lozovoy, head of the North Ossetia and Ingushetia Interim Administration.
Copy to Ingush President R.S. Aushev and P. Kosov, the Ingush president's state counselor and first deputy hetman of the Don Cossacks.
Copy to Chechen President D. Dudayev.

Appeal

We, the inhabitants of Assinovskaya Village in Sunzhenskiy Rayon, have been forced to appeal to you to give us effective help in protecting our civil rights.

In connection with the weakening of Russia's position in the Caucasus and, particularly, the uncertain nature of the position of Sunzhenskiy Rayon, we are seeing a chaotic attitude taken toward Russians and, quite literally, destruction and a repetition of the genocide of 1921.

Currently we have neither a nation nor a motherland—we are outcasts in our own homes, even though we and our forebears have lived here for more than 200 years.

Currently Sunzhenskiy Rayon is indivisible and is part of the Ingush Republic, but the village of Assinovskaya is part of Sunzhenskiy Rayon and is dependent on it both economically and socially.

Over the past two years, with the arrival of the Chechen police, pillaging and robbery have ruled on the territory of Assinovskaya Village, there is no social order, and there is complete tyranny, lawlessness, and lack of control....

During these two years marauding, robberies, and the hijacking of both personal and public transport have taking place. We would quote the following facts:

March 8 1992—armed bandits, breaking into the home of pensioner Ya.M. Tishchenko and his wife, tied them up, beat them, ransacked the place, and made off with their car.

December 17 1992—armed persons stole pensioner V.A. Timoshchenko's car that night.

January 1 1993—men wearing masks broke into P.I. Shchekhovtsov's home at 0300 firing shots, beat him until he was black and blue, stuffed him into a trunk, locked his old mother in the kitchen, smashed doors, and stole their car....

March 16 1994—breaking into A. Voystrikov's home, armed men beat him up, saying: "We're working to a timetable, pal—every Russian's on the list," and stole his car....

The following old people were robbed and beaten—A. Fedorova, M.D. Trikovozova, A. Kazartseva, V. Pirozhnikova, M. Vanshina, K. Isayeva, M. Bukhantsova, V. Matyukhina, A.K. Malysheva, Tilikova, Kh.I. Mishustina, and many, many others. Many of these old women were the widows of men who died in the Great Patriotic War, and they themselves had toiled behind the lines to forge the victory, putting up with terrible privations, yet they now have no peace in their old age. Barbaric atrocities are being committed, and these maniacs are not deterred by the gray hairs of defenseless old women.

The following families were robbed and pillaged—Shcherbakov, Vakhrushev, Mosiyenko, Mishustin, Tishchenko, Shchekhovtsov, Babenko, Nikonov, Sakharov,

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Kolesnikov, B. Balanov, B.D. Bagration, M.Ya. Maltsev, Gashenko, and many other families.

The following citizens were driven out of their homes—V. Smyk, V. Polyakova, I. Zharikov, M. Zolotova, P.I. Ruchitsa—without even being able to sell them for a pittance.

V.V. Vysochenko, the mother of three children, was driven away from her family and has had no help for two years now. Rumor has it that she is eking out an existence in Bamut Village (near Veselyy Farm) in Achkhoy-Martanovskiy Rayon.

Seventy-year-old women are being robbed, raped, and told: "You Russians are living on Chechen soil and we will not be punished for our actions."

On the night of 10-11 July 1992 an act of terrorism was carried out—Abbot Antoniy Danilov and all those resident in his monastery were beaten up, and the priest's religious paraphernalia were stolen along with monastery valuables. Assault rifles were discharged both inside and outside....

On the night of 22 February 1994 the elderly cripple A. Klimova suffered a robbery at her home (the TV set was taken, along with effects from a trunk, and some poison, foodstuffs, and tinned food from the basement). The robbers later broke into the old woman's home on another two occasions. The old lady died after this shock.

At 2000 on 22 February 1994 Mrs. L. Kovaleva was kidnapped from her bed in her nightdress, taken out of town in the direction of Achkhoy-Martan, raped, violently beaten up by a group of six men, and dumped barefoot in her nightdress. The investigation drew a blank.

February 22 1994—Messrs. Chekhachev and P.I. Mishustan were murdered virtually on their own doorstep by Mr. Lechya Muradov. That evening the same man had visited the Nikonov family, kicked against their door, demanding that they open up and shouting: "You are Russian..." expletive deleted. This man has no job, nor does his brother Ruslan. Their family was kicked out of Karabulak for thieving, and they took refuge in Assinovskaya Village, getting up to the same old villainy as they had in Karabulak. They have already robbed and pillaged all of Assinovskaya Village. More than once they were rounded up by the police but were immediately released on bail....

March 24 1994—Lena Nazarova, an 8th-grader, was kidnapped from her home and viciously raped by a group of six men. The girl was evacuated from the republic in a severe condition and is currently in the hospital....

On the night of 2-3 April 1994 the Zaytsev family and a mother—A.A. Arbuzova—were beaten up by armed bandits who were trying to steal a car.

On the night of 3-4 April the Perkov family were savagely beaten (and their TV set stolen).

April 4 1994—paramedic Yelena Keramidi was beaten up by A. Terkhoyev while visiting a patient.

April 16 1994—the Balykov family were beaten up, Mr. P. Nesmachnyy, who was passing by, was also savagely beaten—he was already very distressed, having buried his mother that day—and paramedic R. Pimonova, who gave P. Nesmachnyy medical attention, was attacked. The attackers smashed windows in her house, broke holes in the roof, and ripped the curtains from the windows. One of the attackers was Mr. Amriyev....

On the night of 4-5 May the Ye. Legina family were savagely beaten up (R300,000 in cash was stolen). She had just received her pension and both of them are invalids.

On the night of 5-6 May Ye.A. Keramidi's home was ransacked (many valuables were stolen).

On the night of 6-7 May retired teacher S.Ya. Sadkovskiy was shot and is currently in the hospital....

On 13 May 1994 armed bandits attacked the Mayorov and Konotopenko families, who have young daughters. The bandits were beaten off from the two homes with the help of neighbors. But on the same night the same gang viciously attacked the Kaminichenko home—doors and windows were broken, the mother and grandmother were viciously beaten, and the 13-year-old daughter Oksana was raped in her own home and spirited away at three in the morning to the Assinovskaya Canning Plant's vegetable warehouse, where the violence was savagely continued by three men....

The Russian Federation referendum was scheduled for 25 April 1993, it was thwarted in our village by the Chechens. The rolls and ballot papers were confiscated from Administration Head V.V. Bolotov at gunpoint.

On 12 December 1993 a referendum on the adoption of the Federation Constitution and the elections to the State Duma were scheduled. The elections were thwarted by youngsters from the Chechen Republic....

We would draw people's attention to the fact that for several years a great many hobos have arrived in Assinovskaya Village from Russia (they are mainly of Russian nationality). They are to be found in many families. Everyone knows the conditions they are living under. These people-cum-slaves have now been deprived of everything in life. They do not even have the right to life.

The population of Assinovskaya Village is deeply concerned about the prevailing crime situation in the village and asks for protection from the tyranny currently reigning on its territory.

Boris Nikolayevich, we urgently ask you and the newly elected parliament not to let our appeal go unheeded.

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If this appeal too—our cri de coeur—does go unheeded, we will be forced to appeal to the United Nations to protect our civil rights.

[Signed] The residents of Assinovskaya Village, Sunzhenskiy Rayon, May 1994

Evidence

"I lived on Tukhachevskiy Street in Groznyy. It has recently gotten harder and harder to live there. But those who attempted to leave and sell their homes found obstacles put in their way. You could find notices on the walls of apartment blocks saying: 'Don't buy the home of Sasha and Masha, it'll soon be yours anyway.' And when the fighting started, we were not even allowed to bury our dead soldiers...."

Olga Vasilyeva. Born 1945, Russian.

"I lived at 4 Kabardinskaya in Groznyy. I simply had nowhere to go, not that I wanted to go anywhere. But I no longer had the strength to live there in the midst of excesses and lawlessness. My husband was not being paid his wages. Then reprisals against those not in favor began in earnest. The rector of the university was killed, 'Promavtomatika' Director Glukhov was kidnapped.... Why did Russia stay silent for so long?" Anna Sergeyevna, 50, Armenian.

"Under Dudayev pensioners were not paid their pensions, and working people were not paid their wages or child allowances. Crime raged. They robbed everyone off whom they could live.. Schools and higher educational institutions were closed." Irina Dezhina (she worked as an engineer at a planning institute). She was born in Groznyy and lived there.

"In February 1994 some Chechens with assault rifles entered my apartment, tied me to the bed, and started beating me up in the presence of my children aged two and seven years. With a view to taking over the apartment. My elder son tried to untie his mother's hands, but a Chechen noticed and trod on his hand. On breaking free, I ran to my father at his place of work. On the way I met a police patrol. I asked for help, but they never came. Dudayev's men mocked my grandmother (Ye.Ye. Mashenko). They occupied her apartment. On 11 or 12 December I myself saw a three-year-old child being taken away from a woman from our block. She tried to protect him, but they shot her and the boy. Dudayev's troops used to take children hostage. We got to Mozdok with the help of Russian troops." Marina Kamakina, 30, born and lived in the city of Groznyy, Russian.

"With Dudayev's accession, armed people started walking the streets. The Russian-speaking population was mocked, insulted, and beaten up. The police did not react. I witnessed a Russian girl in the street being dragged by force into a car and driven off. In August 1993 my mother was beaten up by 14-15-year-old Chechens because she was Russian. Chechens beat up my brother, stripped him, and took his car (July 1993). At work they did all they could to hound me out, withheld my wages, and threatened me with redundancy. On receiving my wages, Chechens took money from me three times. I was made redundant from work." G. Babadzhanyan, 42, a native of the city of Groznyy, Armenian.

"Persons of Chechen nationality tried repeatedly to drag me into a car and drive off. Chechens would come home, threaten me, and try to evict me arbitrarily from the apartment." Ye. Ryzhova, 20, a native of the city of Groznyy, Russian.

"In July 1994 I was attacked by Chechens while on a trip. They took my official vehicle. After this I was demoted at work to be a fitter and summoned to the police. I did not actually receive my wages for three years, just small advances occasionally." A. Relizov, 42, resident of Groznyy, Russian.

I know of cases where acquaintances have been killed because they failed to reach agreement on the price when selling a private home. I myself was not subjected to violence." N. Yevmenyeva, 42, a native of the city of Groznyy, Russian.

"While studying at school I was bullied by Chechens of my own age (they would take money). The police took no measures when I turned to them. In the middle of December 1994 Chechens in military uniform came to my home for the purpose of recruiting me for the army. I was forced to leave the city." A. Miroshnichenko, 21, a native of Groznyy, Russian.

"I personally have not been oppressed. I know from my daughter that Chechens burst into her apartment and beat her up. They told her to leave the city." V. Mashchenko, 57, resident of Groznyy, Russian.

"My husband died when the block was bombed. They had told us repeatedly to vacate the apartment." P. Chelnokova, 71, a native of Groznyy, Russian.

"Until April 1994 I lived in the village of Rubezhnoye, Naurskiy Rayon. In school the children were taught only in Chechen, since there were no Russian teachers. The school was not permanently open. From 1992 bread was not sold in the store, only in exchange for cards, based on the number of working people, and my parents were not paid their pension." N. Naponova, Russian.

"I lived in the city of Groznyy and worked as a shop chief for the oil and gas extraction administration. I am an oilman by specialty. During the work day armed people arrived and took away a shop chief in my presence and made him give up his car or the money for it. Almost all my acquaintances had their cars taken away. Many Russian-speaking colleagues were made redundant, and their place was taken by Chechens. I have not received money or allowances for the past eight months. I was forced to sell my apartment for a minimal price." B. Alborachiyev, 53, a native of Nazran, Russian.

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From Conversations with Refugees from Chechnya at Tver Migration Center

A man, who did not give his name.

Question: How was the Russian-speaking population treated?

Answer: The city's adult population had a largely sympathetic attitude, but among the teenage group there was a lot of taunting of the Russian-speaking population. No protection from the authorities. Prior to the war it was possible freely to acquire weapons in the market. Practically everyone tries to acquire weapons in order to demonstrate their strength to each other. Dudayev enjoyed practically no support among the civilian Chechen population. I did not work for the past two years, since they did not pay me, and I could only work privately. Chechen teenagers burst in upon a steelworker acquaintance one night and robbed him. They threatened him with physical violence. In the street they could freely come up and demand money.

A Chechen, who did not give his name:

"I want to talk about your servicemen, so that everyone knows what they are really like. This happened 31 December or 1 January in the region of the 'Elektropribor' Plant. Bandits surrounded a captain and a private. The officer allowed the soldier to surrender, but they did not spare the boy: They killed him with a bullet in the eye (this is their trademark—they say it brings a quicker death). The captain blew himself up with a grenade. I would very much like everyone to learn the hero's name."

Andrey, a Russian:

"Provocations are their mental state. Here is an example. It was, I believe, 28-29 December that a group of RUKh mercenaries approached the village of Staraya Sunzha with two tanks. Local residents told them to go away. They withdrew to the forest and shelled the village. Then they blamed the Russian Army for everything. Dudayev's men do the same thing. It is now an open secret that they position tanks or guns near apartment blocks and kindergartens and open fire, but when the Russian Army responds, they themselves go away and accuse it of firing on peaceful residents."

Major Yuriy Anokhin, deputy commander of a detachment of the special rapid response section of the Regional Administration for Organized Crime from Voronezh:

"It was unbearable to see crippled people, half alive, some with ears and nose cut off. There were also Chechen policemen who had refused to cooperate with Dudayev's men. I saw the decapitated and castrated bodies of soldiers."

From a Conversation with an Airborne Forces Fighter, Troop Unit 41450

"This happened after we took three buildings 3 January 1995. In principle there was no one else there. Well, seven people came to us bearing a flag of truce and introduced themselves. Deputy Sergey Adamovich Kovalev introduced himself. With him were two other deputies, whose names I do not remember, two priests of the Christian church, a captured lieutenant colonel who introduced himself as a regimental chief of staff, and a Chechen with him. They came to us with a proposal that we surrender. They argued that we were surrounded and alone."

Question: Did Kovalev himself speak or the deputies?

Answer: Kovalev spoke, and the deputies interpolated. Kovalev pursued the main line. At first the one who greeted him wanted simply to send him packing in a purely Russian manner. But then they let him through. He spoke with the senior one among us, the battalion deputy commander for political affairs. His name was Major Kholov. He spoke with him. Soldiers were present. These were security elements. It was the 9th Company.

There was something of a lull, for a truce had been announced there, and he proposed that we surrender and lay down our arms. Go out to them. He gave us a guarantee that he was there as a representative of the Russian Government. They tried to reach agreement on taking away prisoners of war and perhaps exchanging them, and he guaranteed that we would be in Mozdok that same day and would be sent home.

Question: That is, he specifically proposed laying down your arms?

Answer: Yes. We replied that we were military men, we had taken the oath, and we would not do so. He asked us to think again.

They told us that we were surrounded and, if we did not lay down our arms, we would all die. Therefore, think. This was at a time of a truce and a lull (they said that no one was shooting at us), and at this time one of our soldiers died.

He was felled by a sniper with a bullet to the head from an observation post. That is, at the time that they were with us. A soldier went down to fetch the medical corpsman. He shouted that Sergey Mordvintsev had been injured. Ten minutes later the medical corpsman ran up with tears in his eyes and said that Sergey Mordvintsev had died. Then they replied to him (Kovalev): "See—we did not fire. Your people fired. We will not surrender."

Once again he told us to think. But we told him unequivocally that we would not surrender. They turned and left. The church priests made the sign of the cross over us. And they left. This is what the meeting was like.

From the Minutes of the Interrogation of Mercenary Oleg Borisovich Rakunov, Born 1971, Who Lived in the City of Volgograd

[Interrogator] Under what circumstances were you detained, and where?

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[Rakunov] At Chervlennoye-Uzlovoy. Russian troops detained me as a gunman, although I had no weapons on me. I was in civilian clothes. I had changed clothes 27 January and was detained 29 January.

[Interrogator] How long had you been in the Chechen Republic?

[Rakunov] Since 1993. The purpose of the trip was to earn money "with an assault rifle." I was in the staff in Groznyy and in Dudayev's house, and I signed a contract (in 1993). The contract states the number of Russian soldiers and officers killed, the content of staffs, the location of camps, and the sum of money.

[Interrogator] What were you supposed to do according to this contract?

[Rakunov] Everything that I filled out in the contract: $250 for every officer or soldier killed.

[Interrogator] How were you supposed to prove to Dudayev's men that you had killed a soldier or an officer?

[Rakunov] We had to bring the body to the staff.

[Interrogator] That is, you would bring a body to the staff, and they would pay you $250 in cash?

[Rakunov] Yes, although I have still not received that money.

[Interrogator] In which of Dudayev's subunits did you serve?

[Rakunov] I served as a provider of covering fire [prikryvatel] in a subunit.

[Interrogator] Your commander's name?

[Rakunov] Isak Sovshirev, a Chechen from Groznyy. A group of 25 people.

[Interrogator] Where had the fighters come from?

[Rakunov] From North Ossetia, persons of the Chechen nation (he went on to name four or five gunmen).

[Interrogator] What tasks did you carry out?

[Rakunov] We were meant to observe order and traffic on the Argun route, at the crossroads.

[Interrogator] Were you involved in specific combat missions?

[Rakunov] I was not involved in specific combat missions. I was involved in swindling operations. I participated in raids on the civilian population in order to find out whether or not a Russian soldier was hiding there.

[Interrogator] What did you do to the local population?

[Rakunov] Whoever refused—we shot him.

[Interrogator] Russian citizens?

[Rakunov] Yes.

[Interrogator] Residents of Groznyy?

[Rakunov] Yes.

[Interrogator] Ethnic Russians?

[Rakunov] Yes, ethnic Russians, and not only in Groznyy but also in the village of Pervomayskiy. Ethnic Russians are in the majority there. We would shoot at guys who had weapons. We would seize girls—including Russians— and drive them to the staff in the city of Shali, where there was a tent where we raped them. I too participated and raped nine girls.

[Interrogator] Were you involved in the execution of Russians?

[Rakunov] I was not involved in an execution.

[Interrogator] Who was involved in executions?

[Rakunov] Six Chechen guys were involved in executions—I have listed them.. There were also six Kiev guys with us. I don't remember their names. From Zaporozhye.

[Interrogator] If you were shown them, would you be able to identify them?

[Rakunov] If I were shown them, I could identify them.

[Interrogator] Why did you decide to leave the gunmen?

[Rakunov] I decided to leave because I did not receive a single kopek in money, and I personally had killed six Russian guys (four men and two Russian soldiers).

[Interrogator] How did you kill them, the Russian men, and where?

[Rakunov] On 26 November, when we started to block the situation in Groznyy, where Dudayev's house is. Dudayev was not there at the time. He had driven off to the mountains. A Russian soldier and hardware entered Groznyy, and we opened fire, very strong fire with hardware. The hardware was an armored personnel carrier with a six-tube Grad antiaircraft gun and tanks, and Chechen troops were behind a machine gun. Chechens were in the armored personnel carrier, but there were no Russians.

[Interrogator] What did you use to kill Russian citizens?

[Rakunov] I had a Kalashnikov assault rifle loaded with 30 cartridges.

[Interrogator] Was this 26 November?

[Rakunov] Yes, and later, when we were already in Pervomayskiy, I engaged in swindling, when girls were taken away and men resisted, and they too were shot. I also participated.

[Interrogator] How many of you were there in Pervomayskiy when the killing was being done?

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[Rakunov] Fifty people. Groups of 25 and 25 people, on the northern side and the southern. I first took part in a battle on the Argun route, Miksiyurt, against OMON [Special Purpose Militia Detachment] troops.

[Interrogator] What did you do later with the women you had raped?

[Rakunov] They were taken back to Groznyy, to the staff on the second floor, to Dudayev's house.

[Interrogator] What did you do with them then?

[Rakunov] Then they were executed, before this war. [Interrogation record ends]

From operational information:

"Dudayev's gunmen, wearing the uniform of Russian servicemen, are shooting at columns of refugees leaving Groznyy. Refugees report that a special subunit has been set up in the city to take children from Russian families hostage, in order to use them as living cover when conducting combat operations in the city....

"...It has been learned as the result of a poll of refugees that Chechen gunmen are continuing their attempts to compromise the federal troops. Dressed in Russian military uniform, they commit acts of violence against peaceful residents and engage in looting, recording these actions with a video camera in such a way that the servicemen's insignia are visible.

"...It has been established in the course of polls of refugees from Groznyy that illegal armed formations actively use kindergartens, schools, and hospitals as cover. Dudayev's gunmen try to draw into the conflict peaceful residents who are loyal to the federal troops. To this end mobile groups are sent out to many population centers by motor transport, and when Russian aircraft appear, they open fire, provoking counter actions."

From official documents:

According to counterintelligence operational data, cases of excesses by Chechen gunmen against peaceful residents of Groznyy are continuing to occur. On one of the city's streets an instance of gunmen burning alive a five-to- seven-year-old child was recorded 6 January this year. The bandits carried out the murder in the uniform of Russian troopers. They recorded the killing on video film. In this case the Federal Counterintelligence Service possesses the testimonies of eye- witnesses to the murder.

"Instances of looting by gunmen in Groznyy are assuming an increasingly mass nature."

Chechen Prime Minister on Reconstruction of Groznyy

BR0903155895 Rotterdam NRC HANDELSBLAD in Dutch 8 Mar 95 p 1

[Report by Hans Nijenhuis: "New Chechen Leader Is Governing With His Coat On"]

[FBIS Translated Text] Groznyy, 8 Mar—The new prime minister of Chechnya goes to work in an armored car and governs with his coat on. Being the figurehead of the Russian victors, the life of 54-year-old Salambek Khadzhiyev is not secure. His office has no heating and there is no glass in the windows. The prime minister's toilet is outside.

In fact it is a miracle that the "Government of National Reconstruction" managed to find itself a building in the center of Groznyy at all. The city was destroyed beyond all recognition by weeks of bombardments and fighting. Rebuilding it and restoring peace to the country were the two tasks assigned to the Khadzhiyev government last month by Moscow.

The authority of the new government is rather difficult to gauge, but maybe it is a telling fact that hardly anybody knows where it is located. Russian troops have to stop their armored cars several times to ask the way. And people on the street look up in amazement when the word "government" is mentioned. Meanwhile, President Dzokhar Dudayev ("Our own little Hitler," according to Khadzhiyev) is still continuing with the fight from his unknown headquarters.

"What is the alternative?" the prime minister asks in response to the question of whether Groznyy can be rebuilt. "We have no other choice. Stalingrad was also rebuilt after the war." The former Soviet energy minister, a rather engaging man at first sight who has a Chechen flag placed on his desk, hopes for Moscow's support. "I would like to emphasize that the people here are subjects of the Russian Federation. After all, that is where the entire conflict began. So these people should also be able to count on receiving help on a large scale from the Russian president."

For the time being no help is forthcoming. Russian troops are clearing mines and are dishing out water at distribution points in Groznyy. Only at one place is "humanitarian aid" being handed out: bread, sugar, and—strangely enough in a city without water—shampoo. And Khadzhiyev cannot even phone up the Kremlin to complain. "However, you will see. In one month we will have 20 lines to Moscow and in two months we will all be running around with portable phones."

Over the last few weeks the government has not managed to do much more than solve its own logistical problems. It has just made a start in setting up a new Chechen police force—men wearing blue overalls over their clothes, but the Russian authorities are refusing to issue them with weapons. "Nobody in the city has water, but 7 percent of the population has gas, and one bread factory is up and running," the prime minister said, listing all his successes. He is an optimist: "Life is returning to normal again."

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Dudayev Prepared Air Strikes 'Last September'

LD0903175895 Moscow ITAR-TASS in English 1746 GMT 9 Mar 95

[By ITAR-TASS correspondent Viktor Zhilyakov]

[FBIS Transcribed Text] Krasnodar March 9 TASS—Last September, long before federal troops entered Chechnya, rebel leader Dzhokhar Dudayev was preparing to blow air strikes on Russian cities. For this purpose, eleven L-39 planes were filled up, and furnished with 100-kilo high explosive bombs and rockets. The proposed air strikes were prevented by Russian Air Force which managed to destroy Dudayev's aircraft, according to a Russian deputy prime minister.

The copies of orders given by Dudayev to the plane crews are now available to the Russian Government, Nikolay Yegorov told reporters in the south Russian region of Kuban on Thursday. He also promised that these orders would be disclosed to all Russian as soon as the government gets hold of the originals.

The vice-premier believes the Chechen leader has not enough resources to wage a large-scale guerrilla war. Chechnya is rather a small republic fully encircled by federal troops, which hampers the movements and reinforcement of rebel armed formations. Nor do Chechen fighters enjoy much support from local residents. The location of bases prepared for a proposed guerrilla war is known to federal troops, they are situated outside populated areas and easily accessible for air strikes, Yegorov noted.

According to the deputy prime minister, fighting in Chechnya will cease when the towns of Shali, Gudermes and Argun are liberated from Chechen militants. After that, a federal troop grouping will be deployed in the troubled republic in order to maintain peace and order there, he told reporters.

Yegorov's trip to Kuban was not an official one. Before returning to Moscow, he held a closed-door conference with the region's city, town and district administration heads.

Press Center Says Dudayev Has No Permanent Base

LD0903185595 Moscow ITAR-TASS in English 1830 GMT 9 Mar 95

[By ITAR-TASS correspondent Sergey Ostanin]

[FBIS Transcribed Text] Mozdok, North Ossetia March 9 TASS—Chechnya's separatist leader Dzhokhar Dudayev has no permanent base in the republic and must often change places to spend the night, the press centre of federal troops told ITAR-TASS on Thursday [9 Mar].

Of late, Dudayev and his closest backers have been reportedly seen in the eastern part of Chechnya. In the town of Shali they were looking for support of elders and clergymen, the press centre said noting that a majority of separatist field commanders originated from Gudermes, Argun and Shali in eastern Chechenya.

Dudayev Chairs Congress; Shali Declared Capital

LD0903194295 Moscow Radiostantsiya Ekho Moskvy in Russian 1900 GMT 9 Mar 95

[FBIS Translated Text] Today a sitting of the congress of the Chechen people was held in Shali under the chairmanship of Dzhokhar Dudayev. A decision has been adopted to carry out general mobilization and to oblige the population of Chechnya to render financial assistance to the military operations against the Russian Army. This is reported by AFP.

The congress also adopted a decision that henceforth the country will live according to wartime law and that the town of Shali has been declared the capital of Chechnya.

Russian Military, Achkhoy-Martan Head Meet

LD0903211195 Moscow INTERFAX in English 1928 GMT 9 Mar 95

[FBIS Transcribed Text] SAMASHKI (CHECHNYA), Mar 9 (Interfax)—Representatives of the Russian military command and Head of the Achkhoy-Martan Region of Chechnya (on the border with Ingushetia) Salamu Umalatov met this evening again at the control border post of the Russian troops near the Samashki Village (several kilometers away from the Chechen-Ingush border).

An Interfax correspondent reports that the possibility of holding another meeting for ending artillery attacks on the Achkhoy-Martan Region was discussed. The results are not yet known. However, the Interfax correspondent learned that the second meeting could take place in the near future.

During their first meeting last Wednesday the parties concluded an agreement on ceasing all artillery fire against the populated centers of Achkhoy-Martan and the Bamut Village in the mountains.

The Achkhoy-Martan head voiced the hope that artillery fire on Bamut and Achkhoy-Martan would be ended. He said all regular military units had left the populated centers long ago.

Dudayev Declares Shari'ah Law in Chechnya

LD1003085595 Moscow Radio Rossii Network in Russian 0800 GMT 10 Mar 95

[FBIS Translated Text] I will remind you that yesterday Dzhokhar Dudayev announced a general mobilization and the implementation of the Muslim laws of Shari'ah on the territory of Chechnya.

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Agence France Presse reports that Dudayev took part in a sitting of the Congress of the Chechen people held in the town of Shali.

Interior Troops Gain Control of Malyy Bamut

LD1003091895 Moscow ITAR-TASS in English 0908 GMT 10 Mar 95

[By ITAR-TASS special correspondent Sergey Ostanin]

[FBIS Transcribed Text] Mozdok, North Ossetia March 10 TASS—Units of Russian Interior forces in Chechnya assumed control of the populated locality Malyy Bamut on Thursday, March 9. It is situated approximately 100 kilometers south of Groznyy. Two servicemen were wounded during the operation, a representative of the Public Relations Centre of the Russian Interior Ministry in Mozdok told ITAR-TASS.

He said Malyy Bamut was regarded as a fortified stronghold of illegal armed formations. Militants reinforced the former military township of a missile unit situated in its territory. Federal forces bombarded the positions and then carried out an operation to force out militants without sustaining considerable casualties, at the estimate of the military.

The taking of Malyy Bamut made it possible to redeploy units of federal forces in South Chechnya and to equip stronghold of platoons and companies, the representative of the Public Relations Centre believes. It is noted that in the past day militants intensified fire from rifles and mortars in places of temporary deployment of interior forces units. The fire of illegal armed formations was suppressed.

Army Launches 'Fiercest Artillery Barrage' on Argun

AU1003093795 Paris AFP in English 0907 GMT 10 Mar 95

[FBIS Transcribed Text] Shali, Russia, March 10 (AFP)—Russian forces on Friday [10 March] pounded the strategically important town of Argun, east of Groznyy, with the fiercest artillery barrage yet since they took up position nearby three months ago.

Russian troops have generally pounded Chechen separatist positions with major shelling before launching offensives to try to seize such zones.

But by mid-morning sources at the Chechen separatist military command here said there had been no unusual Russian troop movement towards Argun.

Shells slammed into the town at the rate of every five to 10 seconds for an hour early Friday before tapering off. The attack could be heard in this town 15 kilometers (nine miles) to the south.

Argun also lies 15 kilometers east of the Chechen capital. Russian forces have unleashed artillery barrages on the town for the last three months without actually launching a true offensive to capture Argun.

Russian Offensive on Argun Area Denied

LD1003123995 Moscow Radio Rossii Network in Russian 1200 GMT 10 Mar 95

[FBIS Translated Text] Despite claims by Dudayev's propaganda, federal troops have not launched a massive offensive in the area of Argun. This was reported by Interfax today, quoting military sources in Mozdok. However, the report confirms the concentration of ground and airborne troops near the town of Argun, which is situated to the west [as heard] of the Chechen capital.

Dudayev Claims New Russian Attack on Argun Area

LD1003125595 Moscow INTERFAX in English 1127 GMT 10 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 10 (Interfax)—On Friday morning Russian troops launched "a massive attack along the frontline between the town of Argun and the settlement of Dzhalka", Dudayev spokesman Movlady Udugov told Interfax by telephone.

He said that fierce fighting has been going on along the Dzhalka River since early morning. "Russian troops are using aircraft, helicopters and artillery, including heavy howitzers and self-propelled artillery pieces and the "Grad" and "Uragan" salvo systems," said Udugov.

"Following three hours of shelling, Russian T-80 and T-72 tanks attempted to break the defense line of the Chechen volunteers. Latest reports from the scenes of fighting say that at this section, several Russian tanks broke the defense line and crossed the Dzhalka River. However, they were cut off from the main group," said Udugov.

"Heavy fighting is going on at this section of the front, with the two sides outdoing each other in turn. Russian forces are pulling together more and more armored technology," said the spokesman.

He said that on Thursday, later in the day, Russian jets dealt strikes on the mountainous villages of Khimoi and Sharoi of the Shatoyevskiy District of Chechnya. There are casualties among the population, - according to preliminary information over 30 persons, claims Udugov.

Interfax has not obtained confirmation of the reports from the Russian military sources.

Chechnya Authorizes Formation of 'Kamikaze Battalions'

LD1003130595 Moscow INTERFAX in English 1127 GMT 10 Mar 95

[FBIS Transcribed Text] Groznyy, Mar 10 (Interfax)—Kamikaze battalions are being formed in Chechnya.

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The go-ahead to Chechen leader Dzhokhar Dudayev's plan was given by the Congress of the Chechen People, held in the mosque of the town of Shali Friday, Head of the Chechen Information Service Movlady Udugov told Interfax.

He said that the Congress had endorsed the first list of kamikaze soldiers. On commission from the Congress, the names of the kamikaze soldiers will be included in the list of citizens "who fell fighting for Chechnya's freedom and independence."

Economic Issues

*Possible Outcome of Fixed Exchange Rate Viewed

954F1603A Moscow SEGODNYA in Russian 23 Feb 95 p 1

[Article by Mikhail Leontyev: "Before Fixing the Exchange Rate, We Need To Fix the 'Ceiling'"]

[FBIS Translated Text] The contradictory rumors of impending introduction of a fixed exchange rate for the ruble are acquiring quite tangible underpinnings: The question has been put on the agenda of negotiations with the IMF which are about to begin in Moscow.

At the same time, various panicky comments, which made their way even into statements of such a solid organization as the Association of Russian Banks—that introducing a fixed exchange rate means a retreat from the open foreign currency policy, which allegedly will result in the creation of a black market in foreign currency, and so on—are only the result of common illiteracy. The introduction of a fixed exchange rate has nothing to do with retreating from internal convertibility of the ruble—it is a banal measure used in many countries in the process of financial stabilization in order to suppress high inflation expectations and create a so-called "nominal anchor" for domestic prices. In Russia this idea began brewing for the first time in the bowels of the government's "reformist wing" as far back as a year and a half ago, at the first signs of subsiding inflation. In a practical sense this idea came under consideration last spring, facilitated by the appointment as deputy executive director of the IMF of major economist Stanley Fisher, who in general prefers a policy of fixed exchange rates to the current "free-floating" ones. By the end of summer the question was practically "ripe," but "Black Tuesday" and the political and personnel hysteria that followed apparently knocked it off the agenda.

What is actually the substance of the idea? At a certain point, when all the preconditions for it exist—strict monetary policy, low budget deficit (if not the absence thereof), obvious political stability, and extremely high predictability of economic policy—the government sets a guaranteed floor and ceiling for the national currency's exchange rate in relation to the dollar. At the same time, the free foreign currency market (for legal entities—as a minimum noncash) is in no way encroached upon. The government and the Central Bank, drawing on both its own reserves and the stabilization fund made available by the IMF, states that it is able to remove any speculative influence on the foreign currency market and deprive foreign currency speculators of the pleasure of playing exchange rate differentials. Implicit in this is the assumption that the monetary policy precludes any negative influence on the foreign currency market other than speculative.

Actually, the terms of an agreement on this "stabilization fund," which for Russia would amount to about R12 billion, were the cornerstone of the negotiations. At the time, before "Black Tuesday," the Russian side, contrary to the IMF's traditional rules, insisted on real access for government control over the stabilization fund, meaning even the ability to use it to cover part of the budget deficit, which perceptibly shocked the Western partners in the negotiations. What conditions and proposals the Russian side will present this time, God only knows.

The situation in the Russian economy today is rather amusing. In principle there are no obstacles to economic stabilization—even Chechnya is exerting (so far) only a psychological impact on inflationary expectations. The real monetary income of the population in Russia is rising almost steadily (on top of that, the real purchasing capacity of the ruble in relation to foreign currency rose by almost 14 percent last year), which does not keep it from being sufficiently low and nevertheless does not keep untied money in the hands of the population—which, according to some data, amounts to R80 trillion—from steadily accumulating. In the environment of a normal macroeconomic climate this would mean a very serious source of investment. In our country, due to the insane economic and political situation, this money almost completely flows into the foreign currency market where, as specialists put it, it "forms foreign currency positions against the ruble." The absence of an openly manifested political will on the part of the state to ensure economic and political order forces the population to fight against the ruble. Hence, the more untied money there is in the hands of the population and in enterprise accounts, the worse the situation in the foreign currency market, and, consequently, the worse the inflation. In response to this, the state, incapable of living within its means, has invented a new financial pyramid, attracting untied funds into GKO [short-term state bonds] by providing unreasonably high yields for them; backing up this yield will require increasingly more new funds attracted by increasingly greater yields. Thus, the state itself is diverting potential investment into speculation in the GKO market: Such a "noninflationary method of covering the budget deficit" will result in a deferred crash.

There is nothing particularly horrible in the fixed exchange rate. The only thing is that nowhere and never has a fixed rate been the foundation of financial stabilization—it can only serve as one rather effective tool for

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it. Back in September, the former head of the Central Bank, Viktor Gerashchenko, who was skeptical about this idea, noted that we will "be unable to maintain the exchange rate and at the same time will squander the fund." There is nothing worse from the standpoint of confidence in any state's obligations than squandering the stabilization fund. This is a worldwide embarrassment.

I hope I am mistaken, but I suspect that all that is left of the more or less sensible stabilization program is the idea of a fixed exchange rate: Fix the rate at any cost before the elections, and afterwards—who cares.

A responsible economic policy, which in Russia is hindered by the absence of responsible state institutions, is in inverse proportion to election games with uncertain results. If you are trying to find the answer to two times two through elections, then it is not advisable to go ahead with a fixed exchange rate. Before introducing a fixed exchange rate for the ruble, we need to strictly fix the "ceiling"—to keep it from shifting in response to any small election-related circumstance.

In the absence of a "fixed" legal system, "fixed" state institutions, and a "fixed" budget, a fixed exchange rate is a reckless gamble. If the idea of getting things in financial order has indeed possessed the Russian authorities, along with the idea of political order, introducing a fixed exchange rate and liquidating the criminal enclave in Chechnya may be the first step along this road. Wishful thinking?

*Central Bank Postpones Change in Foreign Currency Rules

954F1593A Moscow IZVESTIYA in Russian 1 Mar 95 p 2

[Article by IZVESTIYA correspondent Ivan Zhagel: "We Won't Be Buying and Selling Foreign Currency the New Way Until 3 April, Not 1 March"]

[FBIS Translated Text] **The Central Bank (TsB) had originally planned to introduce the new rules for buying and selling foreign cash on 1 February, then 1 March, and now it has been deferred yet again—to 3 April.**

Let me remind readers that the basic idea behind the TsB innovation is in the mandatory completion of special forms for any currency operation—for both the sale and the purchase of foreign currency. The exchange point client will be required to present proof of identity, and the basic facts from this document will have to be entered on the form, one copy of which will be kept in the commercial bank and one sent to the TsB's general database.

The reason for delaying implementation of the new rules is completely traditional—they were not ready. More precisely, the set of necessary documents has already been drawn up, but not all commercial banks have received and studied them because not all of them managed to order the new type of forms, which have almost as many degrees of protection as there is paper currency. There is, however, one more reason for the delay.

The TsB is obviously afraid of somehow destabilizing the currency market, of provoking another stir here. Therefore, for the 100th time, they are trying to anticipate the possible consequences of transferring to the new system. As we have learned from reliable sources, the TsB leadership has even passed a decision saying that initially the presentation of a passport in buying and selling currency will be mandatory only upon completion of an operation . . . of over US$10,000.

For all practical purposes, this means that the notorious forms which have everyone scared will be filled out only in exceptional instances. Moreover, it turns out the new rules are less strict than those existing now. After all, now banks have to demand a passport from the client upon completion of exchanges over US$500, but actually, in practical terms, no one does that.

So what is going to happen now? One TsB specialist told me that as the new rules are mastered by the commercial banks, the amount for which filling out a form will be mandatory will decrease significantly. Actually, he did not exclude the possibility that "we may not live to see that shining moment," and we know why.

The problem is that gradually decreasing the maximum sum that can be exchanged without filling out a form makes no sense. Even if we are allowed to exchange just one dollar without documents, banks in general are not going to present any records, citing the fact that all their clients exchanged precisely those sums. Therefore, the TsB decision that the new rule about filling out the form must still be introduced, but setting the amounted of the exchange at US$10,000 seems somewhat illogical.

*Report on Moscow Currency Trading

954E0658A Moscow KOMMERSANT-DAILY in Russian 3 Mar 95 p 7

[Unattributed article: "Currency Dealers Gauge Exchange Rates by State Short-Term Bonds"]

[FBIS Translated Text] **The changes in the dollar exchange rate at the end of February and the beginning of March were fully in line with recent trends. The end of the month did not have any perceptible effect on market quotations, although this factor usually augments the banks' demand for rubles. Between 24 February and 2 March the exchange rate of the dollar in the Moscow Interbank Currency Exchange rose 124 points (2.81 percent) and reached R4,531/$1 on Thursday (the cumulative rise a week earlier was 114 points, or 2.66 percent).**

Banks were quite active in the exchange market for almost the whole week, but this activity subsided by Thursday. In particular, the demand for foreign currency yesterday was 68.92 million dollars below the indicator

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for the last trading session and amounted to 50.03 million. The volume of sales requests for foreign currency decreased even more perceptibly, in absolute and relative terms: The initial supply decreased by 70.76 million dollars and had dropped to 28.79 million by yesterday.

Just as before, the Central Bank played the main role in covering the difference between demand and supply in the trades (the indicator was 21.24 million dollars yesterday), according to the Ratex Agency, by canceling purchases of 8 million dollars and adding sales of 13.19 million. As a result, the dollar exchange rate rose 32 points above the indicator for the preceding trading sessions and was recorded at R4,531/$1. Demand and supply at this exchange rate were balanced at 41.98 million dollars. Gross turnover was 69.94 million dollars below the turnover for the last session. The net volume of operations was reduced by 29.14 million dollars, amounting to only 6.93 million (the net trading volume ranged from 4.15 million to 128.7 million dollars during the week).

The changes in the volumes of operations during the week (net turnover kept rising from last Friday to Tuesday and then dropped perceptibly in subsequent days) are not unusual in principle. The actions of banks were clearly influenced by two factors—the end of the month and the latest auction of the most appealing 3-month state bonds. The demand for rubles rose because the banks needed them to cover their currency requirements at the end of the month and for participation in the auction. Most of the foreign currency receipts from exports were also sold at the end of February. All of this increased the supply of foreign currency and, consequently, increased net turnover. Under these conditions, the Central Bank was responsible for maintaining and strengthening the tendency toward a rise in the dollar exchange rate. In any case, OTC quotations were below market rates for almost the whole week and only rose yesterday under the pressure of speculative demand. After the state bond auction, the supply of foreign currency was reduced dramatically, and the banks confined themselves to strictly intermediary operations (which was reflected in the net sales volume).

The events affecting the exchange market during the week included the MICE board's decision to institute new rules for trades of German marks in March. According to these rules, dealers will be able to place two types of advance orders for the currency: limited (stipulating a maximum exchange rate) and unlimited (with no such stipulation). The limited sales requests for marks will be satisfied at the end of trading sessions only if the exchange rate stipulated in the order is not higher than the rate at the close of the session, and purchase orders will be satisfied if the stipulated rate is not below the closing rate. As far as the unlimited orders are concerned, all of them will be satisfied at the closing rate.

*Upcoming Friction Over Sugar Purchase Abroad Viewed

954E0633A Moscow PRAVDA in Russian 3 Mar 95 pp 1, 2

[Article by Economist Pavel Voskoboynikov: "Battle Over the Sugar Contract: the Lobbyists Are Attacking the Government"]

[FBIS Translated Text] The readers, probably, have still not completely forgotten my prediction about the fate of the leaders of Russian finances in the article, Vavilov and Golubkov—Who Is Stronger? The Career of One of Russia's Financiers Against the Background of the MMM Drama (PRAVDA, 15 September 1994). Sergey Dubinin really said goodbye to the minister's seat which, just as predicted, was occupied by Andrey Vavilov. It is true that, despite the prime minister's support, he did not hold it long and again returned to the office of the first deputy. Today, the 34-year-old Vavilov is one of the few members of the Gaydar cabinet, who is exerting enormous influence on the economy.

I would draw the readers' attention to one more prediction.

The public always knows much less about the struggle of the lobbyist groups than about the activities of the special services. However, it is possible to predict with almost 100-percent certainty that, as a result of this struggle, for example, the price of sugar will double, at least, this year.

The "sugar drama" shapes up like this. In 1995, judging by the effective demand, Russia will require 4.3 million metric tons of sugar, which will ensure an average per-capita consumption at the level, all told, of 28 kg per year (the optimum norm is 38 kg). At the same time, only 1.8 million metric tons of sugar can be produced from domestic sugar beets. Ukraine will deliver another 500,000 metric tons of beets. Where is the rest to be obtained from?

It must be purchased. And this is where the sphere of the clash of interests of several Russian firms comes to light. Prospects are also opening up, which may lead to the preservation of the national sugar industry or to its death. In the past, the problem was solved painlessly by purchasing from Cuba the quantity of raw sugar we needed. Its deliveries were made in the fall and the winter, which ensured the rhythmic operation of the Russian plants. We settled up directly using domestic goods, without any middlemen.

Last year, the deliveries of Cuban raw sugar to Russia were sent to the joint-stock company, Menatep-impeks [Menatep importing and exporting], which, having received state guarantees and preferences, ensured itself a high profit. Its total volume, including the profits of the commercial banks, amounted to $40-50 million, according to the expert estimates. Actually at the expense of the budget. Of course, the consumer received much higher retail prices.

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The sugar transactions have recently become a gold mine for our entrepreneurs. Being associated with the sugar deals is the name of Petr Aven, the current president of the Alfa [alpha] Bank and minister of foreign economic relations in Gaydar's government. Sergey Mazharov, who was killed in Paris at the end of last year, as reported in the press, was a schoolmate of Petr Aven. Aven introduced him to Petr Krivenko, the former head of Prodintorg [food import-export trade organization] and Moscow representative of the largest foodstuffs firm, Syukr e danre. Mazharov became Krivenko's partner for the delivery to Russia of foodstuffs, including sugar as well. And Mazharov's murder is associated, in the opinion of certain analysts, with the new redistribution of roles, which occurred because of the clash of interests in the Russian sugar market.

The intensification of the struggle in this section is no accident. It is optionally being accompanied by bloodshed, but there are plenty of surprises in it. After the serious complications in Russian-Cuban relations, when many economic ties were curtailed and our positions were seized by Western entrepreneurs, Moscow reflected and began to correct the situation. The basis of the bilateral economic relations are the large trade deals based on the oil-for-sugar scheme. These are precisely what are serving as a guarantee that the Russian Radio Electronics Center (RETs) will be maintained in Cuba, without which, Russia would literally "become blind" in the Western Hemisphere, with all the consequences ensuing therefrom for our security. In connection with this, it is no secret that the signing of a Russian-Cuban protocol on trade and economic cooperation is a strategic goal. It was about to be successfully solved when, however, a "lobbying hurricane" arose unexpectedly, which almost overturned the state policy.

Events are unfolding as if in a detective novel. In October of 1994, the State Duma supported almost unanimously the repeal of the embargo against Cuba. The deputies greeted the Cuban Ambassador, Rajelio Montenegro, with applause. At hearings in the Committee on Economic Policy (S. Glazev) and the Committee on International Affairs (V. Lukin), all the departments came out in favor of supporting and developing cooperation with Cuba (except for the Ministry of Finance, whose representative, A. Vavilov, singlehandedly upheld the contrary point of view). It would seem that, through the joint efforts of the MID [Ministry of Foreign Affairs], the MVES [Ministry of Foreign Economic Relations], the Minekonomiki [Ministry of Economics], the Minselkhozprod [Ministry of Agricultural Production], the Goskomtorg [State Committee on Trade], the Mintopenergo [Ministry of Fuel and Power Engineering], the Minsotrudnichestvo [Ministry of Economic Cooperation with Member States of the Commonwealth], the Minoborony [Ministry of Defense], and the government's staff, it would be possible to settle the matter finally, without any problem. And they settled it. In any event, on 15 January, the deputy minister of foreign economic relations, A. Dogayev, submitted to the government a draft of a decree on purchasing raw sugar in Cuba in 1995. However, the situation is suddenly changing strikingly.

A letter has come to light, from a member of the board of directors of the Alfa-Grupp [Alpha-Group] consortium, the general manager of AO Alfa-Eko [Joint-Stock Company Alpha-Eco], A. Fayn. He asks the government to grant to Alfa-Eko the rights to purchase "in the world market and for delivery to Russia, 1 million metric tons of raw sugar and to obtain state preferences for the exporting of 3 million metric tons of oil. On Fayn's letter is Chubays' notation: "To Be Examined." The first deputy minister of economics, Ya. Urinson conducts a meeting at which he supports Alfa-Eko. The deputy minister of foreign economic ties, A. Dogayev, is sharply changing his point of view and is also supporting Alfa-Eko. The deputy prime minister and minister of foreign economic relations, O. Davydov, declares the advisability of concluding an intergovernmental agreement on shipments of oil to Cuba in exchange for raw sugar and supports the state getting out of the sugar business and "having this handled by Russian companies which specialize in the sugar trade."

In attempting to protect general Russian interests, the State Duma, in the person of four committee chairmen (S. Glazev, V. Gusev, V. Ilyukhin and V. Lukin) send a letter to the Security Council and the RF Government. In particular, the deputies write: "the implementation of the proposal actively lobbied for by a number of organizations on the purchasing of raw sugar directly in the world market will lead to the destruction of the domestic sugar industry and the capture of the Russian market by the leading white-sugar exporting firms. In just 3 years, Russia will have to import up to 5 million metric tons of sugar, which will lead to losses in the amount of $80 million—$1 billion." In addition to the commercial and foreign economic problem, attention is being paid "to the sensitive aspects of our national security."

It is difficult to predict how the Security Council will react to this message. However, it is easy to calculate what the price of a kilogram of sugar may become in Russia. It currently retails for 2,000-2,500 rubles [R] and it may reach R3,500-4,000. The total profit of those who are lobbying for entry into the "world market" will be paid by the state budget and the ordinary Russian citizens.

And here is the latest report from the "sugar front": Russian plants have stopped working because of the lack of raw material.

*Continuing Deterioration in Material Conditions Seen

954F1599B Moscow TORGOVAYA GAZETA in Russian 22 Feb 95 p 3

[Article by A. Razumov, deputy director of All-Russia Standards of Living Center: "Portrait of Poverty. The Number of Those in Abject Poverty Is Growing Among Russians"]

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[FBIS Translated Text] **One of the criteria reflecting the level of civilization in the social sphere in any state is maintenance of a standard of living acceptable for the given country among those groups of the population who, by virtue of demographic, economic, or psychological reasons have found themselves on the fringes of society. The material position of that portion of the population, the level of their income, does not permit them to satisfy a certain number of minimum living necessities: preservation of the ability to work, maintenance of the family, a certain social status. The failure to satisfy his minimal requirements by a person (a family) is what is regarded as poverty.**

Just two or three years ago, the nucleus of the poor was composed of so-called socially vulnerable strata of the population (those living alone, pensioners, invalids, and families with many children), whereas today the center of gravity is shifting in the direction of the working poor—those able-bodied members of society who for a number of reasons, and primarily because of the nature of their employment (or underemployment), earn a low income and cannot feed themselves or their families. Today the nucleus of the poor consists of the unemployed, those employed part-time (those working on a part-time schedule or those on administrative leave without pay), those working at insolvent and financially strapped enterprises, as well as a large number of workers engaged in the budget sphere, a significant part of the families with children, those close to poverty, as well as forced resettlers and refugees.

Without going into detail, let us differentiate three main groups of reasons conditioning such a portrait of poverty involving a fully able-bodied individual. The first group consists of economic reasons. They are, first of all, caused by realization of the structural reorganization of the economy brought about by the inclusion of Russia in international economic links with emergence of goods on the world market, with the inevitable intensification of competition for the domestic products. This results in a decrease of production in a number of sectors of the economy and a struggle for survival by entire branches of industry, which can be won only by carrying out modernization of production.

This has particularly affected regions and branches with a sufficiently high concentration of monopolistic, highly specialized enterprises and types of production technologically associated with them, which under conditions created by competition are subject to structural reorganization. The most characteristic example are enterprises of the textile industry in Ivanovo Oblast, whose average worker budget often consists exclusively of compensatory payments from the State Employment Fund, disability pensions, aid for children, and revenue derived from private subsidiary plots (the latter often play a dominant role).

The same economic group of reasons also includes delays in the payment of wages and the inability of numerous enterprises to pay it in full. Under conditions created by the continuing inflation and rise in the cost of living, the wage itself losses its stimulating function. Uncertainty about what lies ahead, fear of losing work and the source of income lead to a situation where young families postpone having children until better times, fully realizing that the appearance of a child almost inevitably means that the given family will fall into poverty, and for the woman and mother, in addition to that, there will be a strong probability of unemployment.

The second group of reasons, conditioning the tumultuous increase in the number of such new poor as refugees and forced resettlers, consists of political instability and interethnic and ethnic conflicts in a number of states of the former USSR.

The third group of reasons for a change in the profile of poverty is so far manifesting itself not too clearly and depends on the deteriorating ecological situation and living conditions as a whole in a number of regions of Russia.

Ensurance of productive employment, an increase in the effectiveness of labor, and creation of conditions under which people would be able to earn enough, thereby maintaining themselves and their families, are of the greatest importance in eliminating abject poverty. In other words, the amount of the wage that is earned appears as the principal guarantee against poverty.

Otherwise, when the main emphasis is being placed on social aid and support of a growing number of the needy, the state is inevitably transformed into a common "social security department," a process takes place whereby labor is no longer stimulated, which in turn promotes a further increase in the scales of poverty. This is exactly what is currently taking place in Russia.

Sufficiently effective measures for combating poverty have always been carried out in most of the industrially developed countries of the world in various forms and under different names (war on poverty, development of social insurance and social aid, as well as relief programs). They are either specific-purpose national programs (as, for instance in the United States), or a series of narrower programs within the framework of social insurance and public health systems (as, for instance, in Finland). In one way or another, however, they have a single goal—the struggle against poverty and more or less clear regular subjects of its action—the most impoverished and poorest categories of the population.

There is no doubt that our country also needs a special program struggling specifically against poverty as a phenomenon, which, if not limited, will condemn the economic reforms being conducted to failure.

*Opinion Poll on Citizens' Investment Preferences

954E0634B Moscow ROSSIYSKAYA GAZETA in Russian 3 Mar 95 Weekend Edition p 5

[Article by Viktor Kolomiyets: "Save It or Spend It"]

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[FBIS Translated Text] **No matter how much people moan on television and in the mass media that life is impossible and that the country is on the brink of poverty, objective research shows that we are getting by. And our unique Russian character is manifesting itself in astonishing ways.**

Surprising results were revealed by a recent survey of public opinion that was carried out by specialists of the sociology faculty of Moscow's Lomonosov State University. The purpose of the survey was to determine Russians' consumer priorities, the level of their economic involvement, and also the problems that worry them the most.

It is instructive to note that in contrast to earlier times, citizens determine the level of their material wellbeing not in comparison with the average level that has become established but with their own ideas about that level. Thus, the number of respondents having an income of over 750 thousand rubles per family member—which is quite decent for costly Moscow—was about 9 percent. At the same time, however, only 3.3 percent of them think their income is high. Moreover, these citizens prefer not to accumulate savings; they give top priority to clothing and durable consumer goods. Yet 3.5 percent of those who believe their incomes are low are saving.

Which kinds of savings are most attractive?

The largest number of respondents—28.8 percent—prefer to put their savings in hard currency; 19.9 percent prefer the state savings bank; 12.12 percent prefer to buy real estate; 3.6 percent buy stock shares and notes; 2.3 percent put money into commercial banks; 4.8 percent buy jewelry; and only 1.3 percent put it into state securities. It looks as if the government will have a hard time selling this budget item.

Add to this that the desire to invest in hard currency prevails among all respondents age 50 or younger. Citizens over 50, however, are definitely oriented toward deposits in state savings banks.

All groups of respondents think the most reliable place for large sums of money is real estate (57.1 percent) and durable consumer goods (36.3 percent) and cars (22.9 percent). Some 9.4 and 3.0 percent of those surveyed would agree to put the money into their own business or buy high-income stocks, respectively. Paradoxically, the desire to organize one's own business is higher among respondents who have a low education and income.

Responses to the question of what problems are most worrisome were quite surprising. Thus, 56 percent of respondents having a per capita income of over one million rubles said that along with crime, poverty was the worst problem, whereas among persons having an income between 100,000 and 200,000, the figure was only 2.3 percent. This means that life is possible. But an inverse relation is observed in regard to inflation: it worries 72.4 percent of respondents having a per capita income of less than 100,000 rubles but only 4 percent of those having an income of over one million, even though one would think that inflation, which eats up savings, would be more worrisome to the well-off segment of the population.

Overall, the respondents listed the following problems that worry them (in descending order): inflation—49.7 percent; crime—56 percent; ecology—40.9 percent; unemployment—25 percent; problems of government—20 percent. Of least concern to public opinion are nationalism, the pace of reform, and the state of science.

*Growing Network of Bank Holding Companies Noticed

954F1627A Moscow IZVESTIYA in Russian 23 Feb 95 p 4

[Article by Lev Makarevich, expert from Association of Russian Banks: "There Is a Boom in Bank Holding Companies in Russia, But They Are in No Hurry To Give Themselves This Name"]

[FBIS Translated Text] The year of 1994 and the start of 1995 have been marked not only by an increasingly severe bank crisis, but also—as a response—by the active attempts of commercial banks to surmount difficulties with the aid of various forms of integration. The merger of Rospochtbank and Yugmebelbank has been reported, for example, and so has the increasing popularity of affiliation, in which regional small and medium-sized commercial banks facing the threat of bankruptcy unite and become affiliates of a more solid and stable bank. Some commercial banks in Moscow have accumulated several hundred such requests each.

Mutual participation in capital is growing. Large banks are buying blocks of stock, not necessarily the controlling blocks, in other commercial banks. The National Credit Bank, for example, acquired securities in the National Reserve Bank, Savings Bank, Industry-Service, Rosmedbankch, and Favorit. Consortiums are organized for the attainment of specific objectives. This was done by the Russo-German Trade Bank, Mezhkombank, and Avtobank. Another group was formed by Impeksbank, the Russian National Commercial Bank, the Industry and Trade Bank, and Resource Bank.

Unofficial banking affiliations like the "Reliability Club," the "Energy" association, and others are springing up. Cartel agreements are being concluded for joint operations in the market (by the Imperial Bank, Capital Savings Bank, and National Credit, for example). More and more commercial banks are becoming members of financial and industrial groups. Around 10 have been registered officially, but there are actually more than 100 of these, operating under the guise of ordinary joint-stock companies of the open and closed types and limited-liability partnerships. There are financial and industrial groups with 500 or more members

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which do not formalize their union with official documents but do act as a cohesive and well-knit team on the basis of oral agreements. In this way, they have created almost the Western type of financial and industrial group, envisaging the freedom to join the association and to withdraw from it voluntarily.

The number of pure bank holding companies is also rising in Russia. The title has been officially granted to two of them, established by Promstroybank (with 12 commercial banks as members) and Investkredit (with around 50 members). The actual number of bank holding companies (serving one or many banks) runs into the dozens. Following the example of the financial and industrial groups, they are carefully avoiding this appellation. Their administrators are extremely reluctant to agree to contacts or meetings with journalists or to give outsiders any information about their affairs and problems. There are excellent reasons for this. One of them was told to the author by the vice-president of the largest of these holding companies. Many Russian banks, he explained, are in such a critical state today that as soon as anyone announces the creation of a holding company, he will be inundated right away with applications for membership and requests for assistance, and it would be impossible to satisfy all of these.

Another reason for the reserve of the holding companies is the reluctance to announce their existence to tax and regulatory agencies, unpredictably aggressive public opinion, and the press. Any concentration of strength can be frightening. The concentration of financial and economic strength is frightening even if it is only the semblance of strength and is not comparable in any sense to the Western type of concentration.

Nevertheless, the establishment of bank holding companies in Russia has begun. There is every indication that various forms of integration by commercial banks will become more intense in 1995. This is being fostered by several factors. State budget difficulties have had a direct effect on the banks, which had grown accustomed to living on preferential centralized credits. The banks see holding companies as a chance to mobilize resources, primarily abroad, where investors are increasingly likely to put their money into banking groups. Even Russian government officials are not excluding this possibility now.

The establishment of holding companies operating exclusively for banks is also being promoted by the unsuccessful experience of commercial banks in participation in the financial and industrial groups. The banks in many of these groups are reduced to ordinary bookkeeping and accounting subdivisions. They are rarely offered the status of equal partners or co-owners. In most cases enterprises cannot even conceive of a commercial bank playing a leading role in a financial and industrial group and view the banks only as a pocket—not a state pocket anymore, but their own private pocket.

The stronger tendency toward regionalism in Russia is also objectively promoting the establishment of the new bank holding companies, especially after the center suffered an utter political-economic and moral defeat in Chechnya. The Achilles' heel of the oblasts and republics and of their associations, like the Greater Volga, the Ural Republic, Central Russia, and others, is the absence of their own highly developed banking structure, capable of propping up local economies and serving as a financial bridge to other sectors, regions, and countries. Some efforts have been made in this area, however. One example is the recent contract between the Siberian Pact and ONeksimbank, in accordance with which it essentially agreed to serve as the official financial agent of this large territorial association of 19 republics and oblasts.

The competition Russian banks have encountered in world markets is also encouraging the establishment of bank holding companies. Of course, in terms of numbers, "caliber," and activity, our bank holding companies cannot compare to, for instance, the American companies. The United States has over 6,000 of these holding companies, controlling around 10,000 banks with over 40,000 branches and more than 90 percent of all bank assets. That is the main form of commercial bank activity in the United States.

The structure of the Russian holding companies also looks modest in comparison with that of overseas companies. In the United States the "parent" bank controls not only its "subsidiary" commercial banks (including some abroad), but also a colossal number of diversified or highly specialized firms—production, investment, finance, mortgage, factoring, leasing, trade, information, advertising, and so forth. This provides colossal scope for maneuver and facilitates adaptation to any external or internal changes. People in Russia are just beginning to master this kind of structure and learning to use the advantages of holding companies and solve the problems that arise in these companies. Promstroybank's "Russia" Association, for example, plans to devote a special conference to this.

One of these problems, as I have already noted, is the relationship with fiscal agencies. The head bank's main source of income, and frequently its only source of income, is the taxable dividends of its "subsidiary" banks and firms. The "parent" bank usually starts with an extremely small cash flow or none at all. After the payment of interest and other expenses, there is often nothing left for fiscal agencies. This is the initial reason for the establishment of a holding company. This is also a way of avoiding local taxes if they are exorbitant. A "subsidiary" bank (or firm) simply has to be registered in another region or, better yet, in an offshore zone, where a holding company will manage all of its affairs

Russia is distinguished by an extremely underdeveloped market for banking services, with numerous unoccupied "niches"—for single-bank holding companies, which have chosen specific fields of operation, such as project financing, export-import operations, or services for specific enterprises or groups of enterprises, and for multibank holding companies, capable of offering clients and

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regions a broader range of services. These would include investment in industry, crediting—from large commercial loans to consumer credit (plastic credit cards, checks, and so forth), mortgage, trust, factoring, and other operations, and all types of consulting.

Bank holding companies participate actively in municipal contracts, programs, and projects. They serve as the agents of local and federal government agencies in the stock, exchange (market and OTC), and insurance markets, participate in transactions with land (appraisals, leasing, sales, and collateral), and perform many other services.

The unification of the assets of Russian banks in different forms is still being facilitated the absence of any need to register this process. The agencies which monitor these activities in other countries are absent in Russia. No one knows the market share of a particular holding company, the correspondence of the credit and deposit portfolios of company members, and the possibility of operations in a particular region or financial sector after the merger of commercial banks. No one knows what kind of share the subsidiary banks of holding companies can expect when the alliances are aimed at different "niches," whether they will be able to operate autonomously in the market if the registration application of the holding company is denied, how many more potential participants in the market there are, and how much competition there is in general.... No one in the government, parliament, or other agencies is bothered by these questions. Central Bank administrators are more concerned with overseeing the standard requirements and reports of individual banks. Their concern does not extend to complex and comprehensive operations.

The bankruptcy of "Chara" and other banks revealed another potential danger for the holding companies—the threat posed by subsidiary subdivisions capable of making the most flagrant errors in operations with real estate, securities, credit, etc. The problem has been compounded by extremely unfavorable external factors—the depression in the production sphere, nonpayments, and the bankruptcy of partners. Other holding companies have encountered similar problems. How can the internal financial mechanism of the bank holding company operate effectively under the peculiar conditions of Russia? In contrast to the ordinary commercial bank, it has certain distinctive features. It is simultaneously a consolidated balance, a regulated company, and a supplier of services. Each of these is subject to its own group of risks, and it is important to deal with these professionally.

If the bank holding company is viewed as a consolidated balance, portfolio risks are preeminent. The bank holding company usually consists of three blocks: the head bank, the subsidiary commercial banks, and the non-banking firms owned completely or partially by the "parent." Just as in the case of an ordinary commercial bank, the operations of a holding company are based on a correlative balance (assets = liabilities + capital). This is why the success or failure of the holding company depends on the risks involved in the management of assets, liabilities, and personal capital. Not all managers are capable of doing this.

If the holding company is viewed as a regulated firm, there is the regulatory risk—i.e., the eternal Russian danger that the profit margin of the holding company might drop dramatically as a result of unforeseen intervention by officials or the unexpected enactment of new laws, regulations, and so forth, frequently retroactive and without any advance consultation or notification. The holding company then has to make a quick move to other, unregulated operations—in something like a constant duel between administrative agencies and the banks.

Another kind of risk must be considered if the bank holding company is viewed as a supplier of services, and it is known as the supply risk. One form arises in response to technological factors connected with the use of electronics, automation, and telecommunications affecting the work of the whole holding company as a settlement, deposit, loan, and information center. The difficulty lies in the supervision and management of technically backward subsidiaries, particularly in the Russian heartland, and the sometimes too hasty acquisition and incorporation of modern Western technical systems for banks. It is as if people forget that any technology is a highly specific and strictly individual commodity, even abroad. If a Russian bank buys equipment from Citicorp, then it should operate in the same way as Citicorp, and under the same conditions. Only then will the purchase be used effectively. The majority of our bankers disagree with this.

Another serious risk is the affiliation risk, in which one subsidiary (or affiliate) is capable of "infecting" the whole "family" with losses due to its own carelessness and lack of professionalism. In other words, there is no such thing as a separate, isolated risk in a bank holding company, because it inevitably intensifies the common risk. This danger grows stronger with the expansion of geographic boundaries and the range of services, joint operations, etc.

Because the volume of daily operations in the bank holding company is much larger and more complex than in a regular bank, the risk of daily effectiveness is also more serious in a bank holding company. This risk is particularly pronounced when subsidiaries become involved in franchising (the issuance of a license or the right to produce or sell products or services under the trademark of the bank, firm, or holding company; this is usually done for a limited time period and within a specified territory in exchange for an initial fee and subsequent payments on a regular basis).

Another form of supply risk is the market strategy risk. The bank holding company, just as any other company,

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has to constantly invent and offer new products and services to satisfy existing demand and create new demand.

When a holding company is being organized, its future administrators often do not realize how much more complex the movement of finances is within this kind of company and how many more external and internal variables there are in this process. The equipment and personnel required for the scrupulous and constant monitoring of all transfers of resources are much more extensive—"downward" transfers of personal capital, loans, principal payments, interest payments, and new assets from the parent subdivision to the subsidiaries, "upward" transfers of dividends, principal payments, interest payments, administrative fees, loans, and new assets from the subsidiaries to the head bank, and "lateral" transfers of fees for services (consulting, advertising, marketing research, data processing, etc.) from one affiliate to another.

The founders and managers of the bank holding company have constant sources of anxiety: Could resources "leak" from subsidiary commercial banks and companies? Could they take in "dirty" money and other suspicious assets? Could the damaged reputation of one affiliate hurt all the rest? What are the possible implications of this in terms of withdrawn assets, declining profits, weakened capital, and reduced liquidity? The experience of Russian banks in recent years is rife with examples of this kind.

This is not only a Russian problem, but it is much more difficult to solve here. The regional, sectorial, and product diversification achieved by multiplying the number of members of a bank holding company may be a good thing, but there is the problem that an "iron hand" is needed to guarantee the punctual and precise work of all the subsidiaries. In today's Russia, this is an almost impossible task.

Difficulties also arise in the parent bank. Its main function is to attract outside resources for other members of the holding company. This is usually done by issuing drafts, bonds, and so forth, which are then transferred to the subsidiaries as part of their stock capital. This creates a double leverage effect (leverage is the relationship between indebtedness and stock capital), which produces substantial advantages. The affiliates of the holding company use the securities of the head bank to augment their personal assets. Meanwhile, the "parent" commercial bank which issues the debt instruments raises the ratio of profits to capital and can use the dividends (paid by subsidiaries) to pay its own debts.

There is good reason, however, that this kind of leverage is called a double-edged weapon; it helps the bank holding company in good times and ruins it when times are bad. The biggest risk is connected with the interest coverage of the head bank's debts (this is income before taxes and other deductions from which the interest on credit is paid). Because most of its resources consist of dividends and other payments from subsidiary commercial banks and firms, the parent bank will have problems servicing its own debt as soon as they experience financial difficulty. Nonpayments in Russia are already close to 200 trillion rubles. From 25 to 30 percent of the loans extended by banks are not being repaid, and the figure is close to 100 percent in the Agroprombank network. Many Russian bank holding companies were simply unprepared for this kind of critical insolvency.

*Banks Express Views on Fixed Ruble Exchange Rate

954F1593C Moscow IZVESTIYA in Russian 1 Mar 95 p 13

["Where a Fixed Rate of Exchange for Ruble Will Lead"]

[FBIS Translated Text] Prospects for introducing a fixed rate of exchange for the ruble against the dollar are being discussed at the government level and in the press. Agreement has already been reached that this could be done given a 15 percent monthly inflation rate and assuming the existing foreign currency reserve in the Central Bank.

Commercial bank experts, however, are issuing a very different prognosis. Today we are publishing the conclusions that analysts from several major banks have reached.

1. The introduction of a fixed rate of exchange for the ruble against the dollar assumes that the dollar's rate of exchange will lag significantly behind the increase in prices. In doing this, the authorities are counting on forcing the population to actively convert dollars into rubles, in essence financing the state budget deficit. In practice, this means an attempt to devalue the population's foreign currency savings. The situation is reminiscent of the virtual expropriation of savings deposits carried out in 1991-92, after price liberalization. The anticipated losses are not as great as with the savings deposits, but the method for confiscating funds is analogous.

2. There is no point expecting a "flight" from the dollar to the ruble. The population does not trust the state as it is, and in the event of the introduction of a fixed rate of exchange, they will trust the state even less. More likely, along with the official reduction in the rate of exchange, a parallel rate of exchange for buying and selling foreign currency will arise on the black market. There will be a stormy diffusion of speculation, which, in turn, will strengthen organized crime and the drain of capital to other countries.

3. Many branches of our country's industry are in a catastrophic position. It would be simply ruinous to export output and fill the state treasury, considering that given a fixed rate of exchange dollar earnings are falling artificially. There will be a new flood of foreign consumer goods and food, which already comprise 50-70

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percent of the consumer goods on the domestic market, into the country. In this situation, particularly acute problems will arise for branches of Russian industry like the poultry, light and textile industries and machine building. A further drop in production, a rise in unemployment, and a new round of inflation are inevitable.

4. One gets the impression that certain major firms that earn capital on import operations are trying to push through the idea of a fixed rate of exchange for the ruble. They hope to take advantage of the difference between a fixed—that is, inevitably lower—and real rate of exchange for the dollar, buying up foreign currency more cheaply in this country and selling it more dearly abroad. Some publications feed the idea that importers will be able to lower the commercial risks if the cost of a good is set, and the prices on the domestic market will go down. Ideas such as these can be viewed as naive errors at best. Obviously, businessmen are not going to reject maximum profit under any conditions. The anticipated growth in inflation will spur prices on. Simultaneously, there will be a further washing away of the assortment of Russian goods. New shortages will arise in food supplies, and there will be gasoline and other crises.

5. Does the Central Bank have enough foreign currency reserves to ensure the unhampered sale of foreign currency at a fixed rate of exchange? In his statements, First Vice Premier A. Chubays lets us understand that the Central Bank's reserves have grown recently. Some correspondents, not without the participation of state structures evidently, are even citing a specific figure: US$9 billion. Such assertions evoke the gravest doubts. As the report of Central Bank experts indicates, inconsistency in the conduct of economic reforms in 1994 led to a loss of 65 percent of gold reserves. As of 1 October of last year, gold reserves amounted to US$2.5 billion. Independent experts think that, considering the dynamics of the Central Bank's currency interventions in late 1994 and early 1995, foreign currency reserves could not exceed about US$0.5-1 billion. One should not count on their quick growth in the near future for a whole series of reasons, including the enormous expenditures for military actions in Chechnya.

This means that if a fixed rate of exchange is introduced, the Central Bank will be able to provide for its maintenance for only a very brief span of time—a month or two at best. After that it will be necessary to return to a floating rate of exchange in order to avoid financial catastrophe, to limit maximally the sale of foreign currency, or to forbid its free circulation in the country altogether.

Many importers would do well to give this prospect serious thought. Certain major firms that have ties in the corridors of power will be able to get rich on foreign currency. The majority of importers—above all medium-size and small importers—will be ruined in this situation. There will be an unprecedented monopolization of the channels of goods purchased abroad and sold on the domestic market.

6. Doubts arise as to whether serious foreign investors will express interest in participating in the second stage of privatization if it turns out that the dollar is being kept in a state of artificial lag behind the ruble's rate of exchange. Russia's international reliability rating, which is at a critically low level as it is, will fall. In order to attract foreign investments, economic policy must be predictable. Attempts to solve our difficulties by command methods will be perceived by the overwhelming majority of authoritative analysts as a relapse into outmoded and inefficient schemes of finance administration. References to several experts in the IMF who are coming out in favor of fixed rates of exchange as an element of "shock therapy" seem incorrect. Methods like this have yielded positive results only in countries that were able in the transitional stage to curb inflation and the state budget deficit rather quickly. For many reasons, Russia does not fall into this category.

7. The catastrophic consequences for ordinary depositors, industry, and the financial system of introducing a fixed rate of exchange are plain to see. Statements of Central Bank and government representatives to the effect that this radical turn will not be implemented in the current situation sound reassuring. One would like to believe them, but it is hard not to have doubts. Won't they present us, as has happened more than once, with a fait accompli? The overwhelming majority of the population will wind up having to pay for this, and the real authors of the adventure will once again remain unknown.

*Moscow Banks Listed by Reliability

954F1593B Moscow IZVESTIYA in Russian 1 Mar 95 p 13

[Chart: "Reliability Classification for Moscow Banks, as of 1 March (for banks registered no later than 1 March 1994)"]

[FBIS Translated Text]

A3: Highest Reliability Group
Agroprombank Rossii
Mosbiznesbank
Moskovskiy Industrialnyy Bank
Promstroybank Rossii
Sberbank Rossii
Vneshtorgbank Rossii

A2: Very High Reliability Group

Avtobank
Imperial
Inkombank
Mezhdunarodnyy Moskovskiy Bank IMB
Oneksim-bank
Orgbank
Tokobank
Unikombank
Vozrozhdeniye

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High Reliability Group

Alfa-bank
Konversbank
Kredobank
Lefortovskiy
Mezhekonomsberbank
Mezhkombank
Most-bank
Mytishchinskiy Kombank
Natsionalnyy Kredit
Neftekhimbank
Promradtekhbank
Stolichnyy Bank Sberezheniy
Vostok-Zapad

B3: Satisfactorily High Reliability Group

Aspekt
Biznes
Delovaya Rossiya
Dialog-bank
Elbim-bank
Eleksbank
Elektrobank
Frunzenskiy
Gagarinskiy Kombank
Gazprombank
Gloriya-bank
Guta-bank
KEI-bank
Kredit-Moskva
Menatep
Mestbank
Mezhdunarodnaya Finansovaya Kompaniya
MMKB
Montazhspetsbank
Mosstroybank
Narodnyy
Neftegazstroybank
Optimum
Pervyy Russkiy Bank
Platina
Resurs-bank
RNKB
Rosdorbank
Rossiyskiy Kredit
Slavyanskiy
Solidarnost
Sotskombank
Tekhnobank
Toribank
Vitta
Yevrofinans

Average Reliability Group

Aeroflot
Apeks
Aviabank
Balchug
Bazis
Chasprombank
Diskoyit
Elektronika
Eskado
Finist-bank
Germes-tsentr
Glavmosstroybank
Globeks
Ibes
Interbank
Interprogressbank
Inturbank
Ironbank
Irs
Kontakt
Kontinent-bank
Kreditprombank
Kristalbank
Mapo-bank
Mashbank
Mass Media Bank
MBRiR
Metallinvestbank
Mezhdunarodnyy Promyshlennyy Bank
Mir
Moseksibank
Moskoviya
Moskovskiy Neftekhimicheskiy Bank
Mosstroyekonombank
Mostransbank
MPI-bank
Nefteprombank
Neftyanoy
Novator
Novyy Simvol
Olimpiyskiy
Orbita
Pervyy Investitsionnyy
Pervyy Professionalnyy Bank
Petrokommertsbank
Premyer
Printbank
Rato-bank
REA-bank
Roslesinterbank
*Rossiya—Mals
Rossiyskiy Kapital
Russkiy Kreditnyy Bank
Russlavbank
SDM-bank
Suprimeks-bank
Tempbank
Transkredit
Tsentrokredit
Vitas
Viza
Yakimanka
Yaposbank
Yevrokosmos
Yevropeyskiy Torgovyy Bank

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Zepak-bank
Zheldorbank

B1: Satisfactorily Stable Reliability Group

Agropromstroybank
Aka-bank
Alina-Moskva
Ami-bank
Avtoselkhozmash
Aysi-bank
Bank BFT
Bank Razvitiya—XXI Vek
BEST
Bi-Si-Di-bank
Bittsa
Chastnyy Bank
Dapena
Diam-bank
Diler-bank
Dorisbank
Ekspress-kredit
Era-bank
Etalon
Finansy i Kredit
Forpost
Imidzh
Impeks-bank
Industriya-servis
Informtekhnika
Innovuzbank
Intermed
Intertekbank
Inzhin
Ipotechnyy Standartbank
Khodynka
Koloss
Komeks
Komtorgbank
Kongress-bank
Kronbank
Lanta-bank
Lend-bank
Luzhniki-bank
MAIB
MBTiS
MDM-bank
MGKB Promstroymat
Moskovskiy Kredit
Moskovskiy Natsionalnyy Bank
Moskovskiy Obyedinennyy Bank
Moskovskiy Trastovyy Bank
Moskovskoye Kreditnoye Tovarishchestvo
Moskva-Baltiya
Mosvodokanalbank
Natsionalnyy Pensionnyy Bank
Natsionalnyy Promyshlennyy Bank
Nefteprodukt
Negotsiant-bank
Nezavisimyy Bank Rossii
Obyedinennyy
Otradnoye
Paritet
Peresvet Bank
Podolskpromkombank
Prezentkombank
Probiznes
Profbank
Promtorgbank
Pushkino
RBRiR
Ri Investbank
Rodina
Rosdombank
Roslandbank
Rosmedbank
Rosstrombank
Rostrebank
RSKB
Russkiy Aktseptnyy Bank
Russkiy Industrialnyy Bank
Russkiy Natsionalnyy Bank
Russkiy Proizvodstvennyy Bank
Russo-bank
Rybkhozbank
Sembank
Sodbiznesbank
Sovinkom
Spetsstroybank
Stroyindbank
Stroyinvest
Stroysevzapbank
Sudkombank
Tandem
Tekhnopolis
Tepkobank
Torgpredbank
Tradobank
Transnatsionalnyy Bank
Troyka
Urengoy-bank
Vserossiyskiy Birzhevoy Bank
Yedinstvo
Yevroinvest
Yunibest
Zolotobank

*Bank has undergone a public audit by IZVESTIYA confirming its respectability and high reliability.

In February 1995, more than 800 Moscow organizations had a license to carry out banking operations. The increase in the dollar's rate of exchange over the month was smooth and steady.

Since the beginning of the year, TsB policy has continued to tighten up, and new normative documents affecting banking activity have been appearing. Mandatory internal reserve standards have been introduced, the rules for foreign reserve standards have been changed, and reserve standards in rubles for the 070 hard currency account has

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been introduced. Also introduced have been new balance-sheet accounts. These changes are having the greatest influence on small banks.

As a result of the changes that came about in February, Oneksim-bank, one of Russia's largest banks (in sixth place as of 1 January 1995), raised its reliability group to A2, Neftekhimbank is now in group A1, Mezhdunarodnyy Promyshlennyy Bank moved to group B2, and Yedinstvo, Moskva-Baltiya, Russo-bank, and Urengoy-bank were added to group B1.

*Siberian Trade Bank's 1994 Results Reviewed

954F1674A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 2 Mar 95 p 9

[Unattributed article: "Siberian Trade Bank. Results for 1994"]

[FBIS Translated Text] **The results of the bank's operation for 1994 are presented. Following the tradition of publicizing the results of its activity, the Siberian Trade Bank is once again appealing to the aid of the press in order to inform its clients about the results of the past year.**

In 1994 the bank strived to become a universal, multi-profiled inter-regional bank. In striving toward this goal, the bank constantly expanded its sphere of activity, improved the quality of services provided, and introduced new programs and services. During the year, the bank opened three branches and two foreign representations. At the beginning of 1995, the bank opened its fourth branch in Barnaul. The total number of clients of the Siberian Trade Bank in 1994 exceeded 150,000. Having the reputation of being a bank employing new technologies and one of the leaders in inter-bank accounting systems, the Siberian Trade Bank devoted much attention to development of the operation of its correspondence network. At the beginning of 1995, the correspondence network of the Siberian Trade Bank united around 500 Russian and foreign banks. Moreover, along with the numerical increase in participant banks, a redistribution of the primary directions of its development was implemented, so that the correspondence network would include only stable, reliably operating banks of various regions. The bank's achievements in the sphere of inter-bank accounting and the opening of branches allowed the bank to become a leader in the market in inter-bank credits, performing the necessary distribution of monetary means in the regions of Russia. In 1994 the bank was granted a general currency license, which was reflected not only in the number of provided currency services and inclusion of a significant number of foreign banks in the correspondence network, but also made it possible to step up the bank's activity in the sphere of cash and non-cash operations on the currency market. By the end of 1994, the Siberian Trade Bank had not only fully met the demand for the currency funds of its clients, but also provided the service of supporting the treasuries of the cities of Siberia and Altay. The bank's turnover volume for purchase and sale of non-cash currency exceed the volumes of the Siberian Interbank Currency Exchange. The bank makes currency payments for its clients to practically all countries of the world, in any convertible currency. During 1994 the bank had three issues of its own stock, which increased the bank's statutory fund to 25 billion rubles (R). At the end of 1994, another bank stock issue was registered in the sum of R25 billion, and upon completion of its distribution the bank's statutory fund will be increased to R50 billion. Stock in the Siberian Trade Bank leads the market in bank securities in indicators of reliability, yield and liquidity. At the end of 1994, over 19,000 organizations and individuals owned stock in the Siberian Trade Bank. There has been a significant increase in the volume of services provided to private individuals. In 1994, aside from ruble and currency short-term investments, specialized investments—conditional and ritual—were introduced. The introduction of the system of accounting by the "Zolotaya Korona" ["Gold Crown"] plastic credit cards occupies a special place in the sphere of services. The first cards were issued at the beginning of June. They operate on the principle of new technology, with the application of a memory chip for information storage and transmittal. The simplicity of use and the reliability of such cards has made them attractive for thousands of Russian residents. At the same time as it was issuing the cards, the bank was systematically expanding the infrastructure of its services, and today the "Gold Crown" card is accepted in major cities of Russia and abroad (Germany). During 1994, the bank, despite the difficulties experienced by the Russian economy on the whole, continued to operate in a stable and profitable manner. Precise accounting, strict balance of all operations, high technological nature of the work and professionalism of the workers allowed the Siberian Trade Bank to rise in only one year from 77th place in the rating of Russian banks to 35th, to strengthen its position on the currency and stock markets, to attract the largest enterprises of Russia to its cash-accounting services, to become the official bank of the Novosibirsk Oblast Administration, and to become a bank trusted by hundreds of thousands of clients, a leading bank whose reliability and stability are confirmed by the figures of its annual balance report.

DEBITS	1 January 1995	1 July 1994	1 January 1994
Statutory fund	25,000,000	8,000,000	1,155,975
Of this, in currency	6,875,000	0	0
Other funds	14,586,010	4,572,701	1,001,301
PROFITS	28,836,448	10,957,046	11,088,494
Operating and current accounts	65,433,805	15,827,244	6,799,879

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DEBITS	1 January 1995	1 July 1994	1 January 1994
Accounts of correspondent banks	225,285,729	216,735,559	56,893,352
Deposits of legal entities	37,693,397	19,372,529	4,294,164
Investments of citizens	73,703,447	51,438,650	7,290,464
Credits of other banks	74,872,052	11,100,000	10,368,000
Foreign currency obligations	131,487,463	10,858,607	6,660,959
Other debits	724,298,179	74,046,084	5,251,929
BALANCE VALUE	1,401,296,531	422,908,420	110,725,517

ASSETS	1 January 1995	1 July 1994	1 January 1994
Monetary funds	2,401,774	3,102,231	237,882
Accounts in correspondent banks	126,759,765	115,860,617	51,605,563
Loans to legal entities	113,825,717	40,215,992	29,897,685
Loans to individuals	14,392,851	9,703,947	2,803,349
Credits to other banks	154,329,990	121,370,150	1,400,150
Securities, investments	54,310,303	3,532,940	931,607
Fixed assets	22,766,015	7,925,703	1,680,142
Assigned funds from profits	20,690,852	4,186,946	3,474,158
Other assets	756,763,360	102,242,460	10,727,326
Funds in foreign currency	134,945,905	14,767,434	7,967,655
BALANCE VALUE	1,401,196,531	422,908,420	110,725,517

*Oil Traders Strive for 'Vertical Integration'

954E0665A Moscow KOMMERSANT-DAILY in Russian 2 Mar 95 p 9

[Article by Aleksandr Tutushkin: "Oil Traders Include Themselves in Race Along the Vertical"]

[FBIS Translated Text] **It is unnecessary to try to prove the rationality of vertical integration of structures in the oil industry. In the West this model has been formulated for many decades, and time has confirmed its viability. However, in Russia it is being introduced by directive order, which gives many reason to doubt the organic nature of full-cycle companies for this individually taken country and its specifics. In connection with this, the tendency which has been noted in the development of private firms, who up until recently have engaged exclusively in operations of purchase and sale of oil and petroleum products, is rather curious. They are clearly striving toward organization of the full production-commercial oil cycle under their control—obviously, on a scale comparable to their capacities. Moreover, they are not being compelled toward this by anyone or anything, except economic necessary. A rather indicative example is the Moscow AO [joint-stock company] "Germes-Planeta," which is realizing two projects in Western Siberia on the extraction of hydrocarbon raw materials.**

Nowhere in the world do all the segments of the technological chain, between the oil well and the gasoline pump, have equal economic effectiveness. In countries with a stable market economy, the weakest, often unprofitable segment, is oil processing, while the main profits of the entire sector are formed in retail trade—at the gas pumps. However, the Russian oil market is still only in the stage of formulation, and moreover still depends largely on administrative regulation. It is specifically for this reason that it is much more dynamic than the Western oil market. Most of the commercial structures in the Russian oil business have grown up on the method of operation using the customer's own raw materials. Such operation experienced a boom in 1993-1994. Commercialists bought relatively cheap oil from producers, supplied it to the petroleum processing plants, paid for the processing, and received wholesale lots of fuel, whose sale brought them considerable profits. For them, everything was wonderful as long as there was a significant disparity between the prices on oil and petroleum products. Leaving aside the reasons for the rather prolonged "marching in place" experienced by oil prices, we will note that since November of last year the situation began to change radically. Prices on raw materials increased sharply, having travelled a path from $30 to $55 per tonne by the present time (at the oil accounting bases). Today, according to reports of market participants, the profits from operations using the customer's own raw materials do not exceed 8 percent, plus the headaches associated with the sale—it is not so easy to find a solvent buyer for wholesale lots of gasoline. The conclusion is obvious: For the commercial structures today, it is profitable to drill oil and preferable to have their own gasoline pumps. That way, the market itself offers them an "ascent" along the vertical.

One such company is the AO "Germes-Planeta," which has been in the oil business since the time of its founding in 1991. Last year, the AO entered the "shuffle" of firms which supply oil to the Moscow Petroleum Processing Plant, and has concluded an agreement with it for 1995, according to which it will supply no less than 20,000 tonnes per month. In the words of the president of "Germes-Planeta," Vladimir Moryzhenkov, even 2 years ago the company realized how risky it was to be in only one sector of the market, and therefore began to

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work on investment projects for extraction of raw material. Recently, it signed an agreement with the AO TAKOSTA (city of Nyagan in Tyumen Oblast, main founder—AO "Kondpetroleum"). According to this agreement, "Germes-Planta" will acquire 30 percent of the shares, and within a year will invest 8 billion rubles (R) into tripling the capacity of the plant for processing casing-head gas. As a result, when the work is completed, "Germes-Planeta" will receive up to 10,000 tonnes of stable gas condensate per month, which comprises half of its program at the Moscow Petroleum Processing Plant. The second project is associated with the AO "Sibneftedobycha," the operating firm for development of new deposits, founded 2 years ago by "Germes-Planeta" (80 percent) and the AO "Kondpetroleum" (20 percent). It is believed that in the 2nd quarter "Sibneftedobycha" will conclude a licensing agreement with a large drilling company regarding the joint development of deposits in the Khanty-Mansi region. These deposits hold extractable oil reserves of around 20 million tonnes. (Prior to signing of the document, Mr. Moryzhenkov could not divulge either the name of the partner or the deposit). "Germes-Planeta" intends to invest R10 billion in this project in 1995, and since the deposit is almost fully prepared for development, already by the end of the year it intends to reach a monthly drilling volume of 10,000-15,000 tonnes. Thus, the program of "Germes-Planeta" at the Moscow Petroleum Processing Plant will be fully provided with its own raw material, and in 1996 nothing will stand in the way of increasing it. As Mr. Moryzhenkov noted, the Western Siberian projects will place a heavy load on the company, but a certain reduction in financial results will be compensated by stable operation of the AO in the future.

*Role of Property Distribution in Agrarian Reform Explored

Legal Specialist on Specifics of Peasant Property

954E0591A Moscow KRESTYANSKAYA ROSSIYA in Russian No 52, 31 Dec 94 p 6

[Article by Candidate of Juridical Sciences Marina Nikiforova: "Peasant Farm Property"]

[FBIS Translated Text] The first part of the new Russian Federation Civil Code is put into effect as of 1 January 1995. The editorial department intends to systematically acquaint readers with its most important provisions and to explain and comment on norms, the understanding of which requires additional legal knowledge.

Let us begin with questions that farmers often ask in their letters, that is, concerning the property of the peasant farm. In the first part of the Civil Code three articles—257, 258, and 259—are devoted to this.

Point 1 of Article 257 states that the property of the peasant (private) farm belongs to its members on the basis of joint ownership, unless otherwise specified by law or by the contract between them. Therefore, the indicated property can also be under common share ownership, because the existing law on the peasant (private) farm affirms such a right. Furthermore, the farm members themselves can agree on this.

KRESTYANSKAYA ROSSIYA has often written about the differences between share and joint ownership. We hope that our readers have grasped this matter.

The land plot, which was granted to the peasant (private) farm for ownership or was purchased, plantings, farm and other structures, reclamation and other installations, productive and work stock, poultry, agricultural and other machinery and equipment, transport facilities, implements, and other property purchased for the farm with the common funds of its members are under the joint ownership of members of this farm.

Fruits, products, and revenues obtained as a result of the activity of the peasant (private) farm are the common property of members of this farm and are used according to the agreement between them.

How is the property of the peasant farm divided? Article 258 of the first part of the Civil Code is devoted to this.

If the activity of the farm is discontinued in connection with the departure of all its members from it, or for other reasons, common property is subject to a division according to the rules specified by Articles 252 and 254 of the Civil Code. (Article 252 regulates the division of property under share ownership and Article 254, of the property under joint ownership). In such cases the land plot is divided according to the rules established by this code and land legislation.

I would like to note in passing that the new Land Code has not yet been adopted, and in accordance with the presently existing one (Article 58), land plots of citizens, who manage the peasant farm, are not subject to division, so that the indicated norm of the Civil Code is dead for the time being.

However, if one of the members of the peasant farm leaves it, the land plot and means of production belonging to this farm are not subject to division. The person who leaves the farm has the right to receive monetary compensation commensurate to his share in the common ownership of this property.

Article 259 of the first part of the Civil Code states that members of the peasant (private) farm on the basis of farm property can establish an economic partnership or a production cooperative. Such a partnership (or a cooperative), as a juridical person, possesses the right of ownership of the property transferred to it in the form of contributions and other payments by members of the private farm, as well as of the property received as a result of the activity of the partnership (cooperative) itself and acquired on other grounds.

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Land Allotment Recommendations Presented

954E0591B Moscow KRESTYANSKAYA ROSSIYA in Russian No 7, 20-26 Feb 95 pp 1-2

[Article by Viktor Malakhov: "What Is To Be Done With an Allotment and a Share"]

[FBIS Translated Text] The Russian Federation Government has adopted Decree No. 96 of 1 February 1995, "On the Procedure for the Exercise of the Rights of Owners of Land Allotments and Property Shares."

This document directly affects the interests of millions of rural residents. Therefore, in the very near future the editorial department will organize the most detailed explanation of its provisions. Today, however, we will discuss this legal document in general outline.

First of all, the decree approves: 1) recommendations on the preparation and issue of documents on the right to land allotments and property shares; 2) recommendations on the procedure for the disposal of land allotments and property shares.

The first recommendations are applied in agricultural commercial organizations (enterprises), the participants of which have **voluntarily** made a decision on their reorganization. It is a matter of economic partnerships and societies and production cooperatives, which in accordance with the new Civil Code belong to commercial organizations.

In particular, the recommendations contain a list of persons who have the right to receive land allotments and property shares for ownership, the procedure for the calculation of a land allotment (in hectares and point-hectares) and of the size of a property share, and the procedure for the determination of the labor contribution of every worker.

Certificates according to the form approved by Edict No. 1767 of the Russian Federation President, dated 27 October 1993, "On the Regulation of Land Relations and Development of Agrarian Reform in Russia," are issued to all owners of land allotments (according to their application) and a certificate of a special form, to owners of property shares. A sample of such a certificate (as well as samples of other documents) is presented in PRAVOVOYE PRILOZHENIYE [Legal Supplement].

Other recommendations—on the procedure for the disposal of land allotments and property shares—are applied when transactions with land allotments are made before the entry of the new Land Code into force (it has not yet been adopted) and with property shares, in accordance with Russian Federation civil legislation.

A separate chapter of the recommendations is devoted to the regulation of such an important matter as the allocation in kind of land plots against land allotments. The mechanism of disposal of the property share, as well as the procedure for the allocation of specific property against it, is also described in detail. The supplement gives samples of contracts of purchase and sale, of a gift of a property share, and of other documents.

The full text of the decree of the Russian Federation Government "On the Procedure for the Exercise of the Rights of Owners of Land Allotments and Property Shares" (together with samples of documents and contracts) will be published in the March issue of PRAVOVOYE PRILOZHENIYE.

Transition Economist Notes Three Options

954E0591C Moscow KRESTYANSKAYA ROSSIYA in Russian No 6, 13-19 Feb 95 p 1

[Article by Yevgeniya Serova, head of the Laboratory of Agrarian Policy of the Institute of Economic Problems of the Transitional Period]

[FBIS Translated Text] In my opinion, three basic options of the reforming of agricultural enterprises have been clearly formed today.

The first is the division of former large kolkhozes or sovkhozes into small production structures—private farms, small cooperatives, and private cooperative-type enterprises. The well-known Nizhniy Novgorod option is the most striking example of such a type of reforming of kolkhozes. Although it is also implemented in many other regions, often it is implemented according to a more simplified scheme.

The second reforming option is represented mainly in the south of Russia. Its essence lies in the fact that the property of the former sovkhoz-kolkhoz is being gradually, at times imperceptibly to ordinary workers, concentrated in the hands of a few—usually farm managers or specialists. One of the varieties of the second option is when quite a strong private farm appears next to a former kolkhoz. It is established by a competent manager, who tries to "persuade" his former colleagues at the enterprise to work for him.

Finally, the third reforming option is observed mainly in Russian non-Chernozem regions. I believe that, most likely, this third option has appeared owing to hopelessness: The kolkhoz or the sovkhoz continues to exist in its primordial form, but workers disperse throughout their private subsidiary plots. From the point of view of the state, this is unreasonable, but for peasants at times this is the only way of surviving.

In one way or another, sooner or later present collective agricultural enterprises will disintegrate. The entire of world experience indicates that collective enterprises do not last long. Even Israeli kibbutzim, to which we like to refer at times, have already been forced to transform themselves in the second generation. Our Tolstoyan communes also existed only during the first generation, as long as like-minded persons, who established them, were alive. Therefore, I think that the same will happen with us. All collective enterprises, which still constitute the majority in the country's agrarian structure, gradually will disperse in the three directions described above. Today the main thing is to create the conditions for the existence of all viable forms.

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International Affairs

UN Sanctions Against FRY Cost Over $44 Billion

LD0903203095 Moscow INTERFAX in English 1923 GMT 9 Mar 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] KIEV, Mar 9 (Interfax-Ukraine)—Ukraine has lost over $4 billion strictly complying with the U.N. sanctions against Yugoslavia, Ukrainian Ambassador to the U.N., Aleksandr Motsik [name and title as received] told the Special Committee for the Status and Enforcement of the U.N.

Motsik regretfully established the fact that international institutions never granted Ukraine much-needed aid to surmount economic difficulties caused by the embargo. This could result in decreasing confidence in sanctions in general, he added.

Kiev Seeks G-7 Funds To Modernize Chernobyl

LD0903161795 Kiev UNIAN in Ukrainian 1340 GMT 9 Mar 95

[FBIS Translated Text] Kiev [no date as received]—Ukraine can receive a loan from Russian organizations to modernize power generating units at Chernobyl AES [nuclear electric power station] and develop nuclear power engineering should G-7 countries and international financial institutions refuse to fund these efforts. According to the Foreign Ministry, Ukraine would be able to reconstruct existing and build new nuclear power generating sets without outside aid if electricity prices were raised to two or three cents per kilowatt-hour.

This view was expressed during a meeting with a team of G-7 experts investigating possibilities for reorganization of Ukrainian power engineering and problems concerning closure of Chernobyl AES. Ukrainian experts pointed out that in-depth reconstruction of Chernobyl power units would better conform to the financial potential of the G-7 and international safety requirements than their closure.

The Ukrainian side also proposed that part of the funds allocated to Ukraine under the European Union program of technical assistance to the CIS countries, TACIS, could be used to support the G-7 project of reorganizing Ukrainian power engineering and to study international experience in the application of civil liability for nuclear damage, which would speed up the introduction of these legal provisions in Ukraine and facilitate international cooperation in the nuclear sector.

Delegation To Discuss Paying Debt to Russia

LD0903191995 Moscow INTERFAX in English 1804 GMT 9 Mar 95

[FBIS Transcribed Text] KIEV, Mar 9 (Interfax-Ukraine)—Ukrainian Deputy Prime Minister Igor Mityukov said he regretted that the plans of the IMF Managing Director Michel Camdessus had changed. Camdessus put off his visit to Kiev for March 10 because of talks in Moscow.

Mityukov told Interfax-Ukraine today that he would leave for Moscow on March 9 to take part in the meeting of the CIS Inter-State Economic Committee presidium. Mityukov will go to Moscow within the Ukrainian government delegation, including another Deputy Prime Minister Sergey Osyka.

Mityukov stressed that the Russian side and Camdessus were expected to discuss restructuring Ukraine's debt to Russia.

Mityukov said that the Ukrainian debt to Moscow could also be discussed during his meetings in the Russian Finance Ministry. He said Russia had some proposals for resolving the problem which should be discussed.

The Ukrainian debt to Russia reached more than $4 billion by the end of January 1995. The Ukrainian debt includes the credit worth $200 million received by Ukraine in 1993 and the debt for Russian gas standing at $1.5 billion. Furthermore, a debt of $2.5 billion emerged while Ukraine was leaving the ruble space.

Envoy Prepares for Meciar Visit With Trip to Uzhhorod

AU0903194195 Ivano-Frankivsk HALYCHYNA in Ukrainian 4 Mar 95 p 2

[Report by INTELEKT Agency: "Ambassador Paves the Road for the Premier"]

[FBIS Translated Text] In the framework of preparing for a visit by Vladimir Meciar, prime minister of the Slovak Republic, Slovak Ambassador Jozef Migas visited Uzhhorod. At a meeting with Transcarpathian business circles, he had to answer sharp questions on queues on the Slovak side of the border, the two-week long wait for monies to be transferred from the Slovak to the Ukrainian bank, and so on.

The ambassador found a way out of the difficult situation. He said that three or four macroeconomic problems will have to be resolved at forthcoming Slovak-Ukrainian negotiations: An accord between the national banks of Ukraine and Slovakia on the form of mutual settlements; on the creation of a joint Slovak-Ukrainian bank, and an agreement on free trade (according to J. Migas, it is obstructed by the Slovak-Czech agreement on free trade: The third side's consent is necessary).

National Affairs

Parliament Battle Forecast

954F1643A Kiev PRAVDA UKRAINY in Russian 28 Feb 95 p 1

[Article by Aleksandr Gorobets: "Shrove Thursday—Fight to the Blood?"]

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[FBIS Translated Text] There is no question that February is followed by March and winter is followed by spring. Shrovetide, the last week before Lent, is like a bridge between the two seasons.

Shrovetide is seven days of feasting and revelry. The fourth day, we read in an account of the history of the pre-Lenten holiday, is known as Shrove Thursday. **"It was a day of boxing matches between the residents of different streets and the members of different trades. The first to fight were the boys, then young men took their turn, and the final bouts were between men in the prime of life. A set of rules grew up around these fights: An opponent who had been knocked down could not be hit, the fight would end with the first show of blood, and the fighters would wear gloves, but could not put anything inside them."**

It is no coincidence that I remembered these words today, just before the start of March. It appears—in fact, it seems quite apparent—that our political pre-Lenten holiday, with its own Shrove Thursday, has already begun. The opponents are the Supreme Council and representatives of the executive branch of government. We have already seen the fights by the little bullies: Just remember the turbulent session of parliament when someone would not let someone else go somewhere, and one person did not like another person's beard. Now the young men and the men in their prime are ready to take their turn, as they should, by tradition, on Shrove Thursday.

After blowing a kiss to the overfed trade-union bosses, Chairman Aleksandr Moroz of the Ukrainian Supreme Council, "a man in his prime," made the categorical statement that "the confrontation will reach its peak in March." In other words, get your gloves ready, Gentlemen, for the Shrove Thursday fist fights.

What about the other side?

The president took a time-out before Shrovetide, as if he needed a breather. Judging by his speech at the conference in Lvov, Leonid Kuchma feels that the question of government is the main issue of the day. The removal of Vitaliy Masol from the office of premier would knock the wind out of the forces on the left opposing the presidential structures.

Whereas Leonid Kuchma once assigned priority to economic reform, now he seems to be preoccupied with political matters. The main one is the passage of the Law on Governmental Authority by the parliament. In other words, he believes that a strong vertical chain of command should be the backbone of government.

This law will be the main whetstone on which the two branches of government will hone the razors of their mutual animosity in March. Although a conference commission is at work on the draft, some of the members of the Presidium of the Ukrainian Supreme Council are not concealing their opinion that the law will not win parliamentary approval.

We have to remember, however, that even the Supreme Council is not a monolith. It is made up of living beings with constantly changing opinions and views. Forces within parliament are regrouping. The new faction of "Independents" is more likely to be pro- than anti-presidential.

There are increasingly loud demands in parliament for progress reports by the leaders of the Supreme Council and for the complete or partial replacement of the Presidium.

Leonid Kuchma probably can score some additional points for his so-called annual message to the parliament, which was the reason for the pre-Lenten recess. If the president's arguments in this document are persuasive enough, they could influence the vote on the Law on Governmental Authority.

The political climate in Ukraine in March will also be affected by three events: Leonid Kuchma's two trips to Denmark (10 March) and Japan (22 March) and the arrival of Russian President Boris Yeltsin in Kiev. After the protracted carnage in Chechnya and the drunken ranting at the recent CIS summit conference in Kazakhstan, the opinion of this leader in our state has changed considerably.

Leonid Kuchma will have to guard against a ricochet effect. In short, Leonid Danilovich will have to behave with the utmost propriety and prudence in his relations with the head of the northern state.

Budget Draft Submitted to Ukrainian Parliament

LD0903193195 Moscow INTERFAX in English 1810 GMT 9 Mar 95

[FBIS Transcribed Text] KIEV, Mar 9 (Interfax-Ukraine)—The Ukrainian government submitted a 1995 budget draft to parliament, Pavel Kuznetsov, deputy chairman of parliament's Budgetary Commission, told Interfax-Ukraine Thursday [9 March].

He said that his commission had numerous reservations about the draft, in particular the budget deficit. Kuznetsov explained that the draft would be under consideration in the commissions before being submitted to the full parliament.

The draft provides for a revenue of 1,474.6 trillion karbovantsy and a spending of 1,806 trillion karbovantsy, the deficit being 331.4 trillion karbovantsy, or 7.3% of the predicted gross domestic product, 1,456 trillion karbovantsy. The government expects local budgets to be balanced.

The government told parliament of the problems the 1994 budget had run into. In particular, the revenue fell 134 trillion karbovantsy, or one fourth of it, short of the target. A non-payment crisis could not be avoided. The credit indebtedness among Ukrainian businesses was 552 trillion karbovantsy and the debitor indebtedness, 424 trillion karbovantsy on January 1, 1995.

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The balance of payments was $1.8 billion on the negative side. The status of settlements with CIS partners has deteriorated, 92% of all the debts being due to Russia.

The 1995 budget will finance, above all, socio-cultural institutions, steps to maintain living standards, defense and state management. In particular, 1,392.9 trillion karbovantsy of the consolidated budget, or 30.5% of the GDP, 4.6 times the 1994 amount, will be appropriated for socio-cultural activities and social protection of the population.

Authority of Kuchma Representative Defined

954F1702B Simferopol KRYMSKIYE IZVESTIYA in Russian 4 Mar 95 p 1

["Statement of the Press Service of the President of Ukraine's Representation in the Autonomous Republic of Crimea"]

[FBIS Translated Text] The article "So Who Won After All? Or What The Opposition to the Crimean Parliament's Leadership Wants," by G. Aksenov, deputy of the autonomous republic's Supreme Council (KRYMSKIYE IZVESTIYA No. 39, 1 March 1995), falsifies and confuses the factors that affect the work of the President of Ukraine's Representation in the autonomous Republic of Crimea and its head, V. Gorbatov.

More than enough has been written and said in the mass media on the subject of the protracted crisis of authority in Crimea. This topic has long transcended Crimea's borders and is causing understandable concern and distress on the part of the president and the Ukrainian Supreme Council. It is clear why: The political and economic instability; the continuing free-fall of the people's standard of living; inattention of the Crimean people's representatives to people's rights and legitimate interests; rising crime; and so on. At the same time, the press service of the President of Ukraine's Representation in the autonomous republic rejects the deliberate concoction of the author of the aforementioned material that "in connection with the paralysis of legislative authority in Crimea," president of Ukraine's permanent representative "is ready to assume full power, or in reality to transfer it to L. Kuchma."

The press service of the President of Ukraine's Representation in the autonomous Republic of Crimea is authorized to officially state that the representation, its leadership, and its entire staff carry out their duties and functions solely in strict compliance with the Constitution of Ukraine, the law "On the President of Ukraine's Representation in the Republic of Crimea," and other legislative acts of Ukraine and presidential edicts, as well as the Constitution and laws of the autonomous Republic of Crimea to the extent that they do not conflict the Constitution and laws of Ukraine.

As has already been stated earlier on numerous occasions, the President of Ukraine's Representation in the Republic of Crimea has no tasks other than those serving the benefit of Crimean residents and the entire people of Ukraine.

[Signed] Press service of the president of Ukraine's representation in the autonomous Republic of Crimea

*Lanovyy Voices Political, Economic Views

954F1545A Donetsk AKTSENT in Russian 11, 18 Feb 95

[Interview in two installments with Vladimir Timofeyevich Lanovyy by various questioners: "We Need Balanced Political Relations With West and East"; Donetsk, date not given]

[FBIS Translated Text]

[11 Feb p 2]

[Question] How do you arrange your working day, Vladimir Timofeyevich? (Yelena Korinenko, Mariupol).

[Lanovyy] How do I arrange my work day? I try to get to bed on time, because my job is very intense. In the morning I always do my exercises or else I can't get started. Essentially, I am doing three functions: I'm a deputy to the Supreme Soviet, and I work on the budget commission and in the Reform Faction. In addition I also continue to supervise some rather large projects and works in the Center for Market Reforms. We have some major projects there, and some very solid international partners. In addition, we have been organizing the Ukrainian Association of Private Entrepreneurs and Owners, a civic organization which includes both private and privatized enterprises of various sectors. So I have also had to be involved in that, dealing with issues relating to the functioning of all structures. On top of all that, I try not to neglect the media. What else? My wife gets annoyed if I come home later than seven p.m. So I try to get home on time. And my seven-year-old son is always waiting for me and sets up the chess board or turns on the computer games. After nine o'clock I finally get some time to write or work on some topic.

[Question] Vladimir Timofeyevich, we understand that in your youth you were quite a soccer player. They say one of your teammates was Oleg Blokhin himself. Do you find time now to engage in your favorite sport? (the Ivanenko brothers, Makeyevka).

[Lanovyy] Yes, Oleg Blokhin and I are the same age. We have known each other since the age of 11. It's true that during his young years he played on Kiev Dinamo and I was on the DYuSSh-1 [Youth Sports School] team. Our teams took turns winning city championships. But Oleg and I also played on Kiev and Ukraine all-star teams. And from the age of 16 I also played on Kiev Dinamo with other well known soccer players such as Kondratov, who once captained Donetsk Shakhter, also Zuyev and Yuretskiy, and others. Now we have also organized a soccer team in the Supreme Soviet but I have never been

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to drills, although I did sign on. In the summer, of course, I play major tennis or engage in swimming or other types of active sports. It's hard to find time for soccer these days....

[Question] Vladimir Timofeyevich, could you name some of your favorite magazines, books, newspapers, and television shows? (Leonid Khudokormov, Yasnyy, Volnovakhskiy Rayon).

[Lanovyy] I don't want to offend anyone trying to mention favorite journalists, magazines, newspapers, and books. I prefer to read things that can teach me something. The main thing for me is not to preach to others, because that very quickly depletes the cashbox to draw from. Let me quote a phrase from Chekhov, who said that the stupid man tries to lecture others, while the smart man spends his life learning. To me that was an astonishing discovery. Probably that's why I have never tried to teach school, where everyone automatically notes down anything you say. These days I try to read new things in various fields—fiction, history, professional materials, information, society, sociology, politics. I receive information about our country, for example, also about the countries of Europe and Russia, and our common problems. Lately I have been focusing specially on international themes, problems of security and the construction of political and nonpolitical systems for Ukraine to ensure our national security in the framework of openness and trust with our neighbors. It seems to me that this is one of the sore points in our domestic and foreign policy; we lack the necessary doctrines and stable constructs to accomplish our state's political goals and protect our interests.

[Question] You travel around Ukraine a lot. Probably you have key supporters in many oblasts. Whom would you name as such among the economic and political elite of Donetsk Oblast? (Aleksandr Surikov, Makeyevka).

[Lanovyy] This is my third time ever in Donetsk. I was here last year during the presidential campaign. And here I am again. Before that I was here in 1989, speaking to the so-called party-economic aktiv about problems of self-financing, khozraschet [cost accounting] and regional issues. Even earlier, of course, in 1969, we played in the finals of the USSR youth soccer teams championship in Donetsk. We spent three weeks here and played in the Gorlovka, Makeyevka, and Donetsk stadiums. I don't have all that many good friends here, but among them is Leonid Ostapenko, who was a fellow student at the Kiev Institute of the National Economy. He now works as deputy director of ASKO Bank. I think I'll have a lot more friends in Donetsk now because you have some solid organizations of our political and economic spectrum, such as the Liberal Party, the Association of Entrepreneurs, and the scientific community that I have had occasion to meet. I believe there are some very strong political and analytic structures in Donetsk.

[Question] I have a depressing question. In your opinion, when is Ukraine's economy going to hit the bottom which we hear so much about from our deputies and from some economists? (Ivan Koptelov, Mariupol).

[Lanovyy] If we don't carry out reforms—and "bottom" is an infinite concept—the collapse could come down to the very foundations. We cannot hope for our enterprises—especially the big ones—to come out of it on their own, without reforming the economic system as a whole, without new methods of management and organization of labor, without restoring the mechanism of financial responsibility in the enterprises, without reorganizing the auxiliary and scientific-technical complex. Without these things, the collapse will be endless. We have already wasted the opportunities that were offered to us; the world community used to single out Ukraine as one of the potentially strongest countries. They compared us with the four best countries in Europe—Britain, Germany, France, and Italy—in terms of potential, scientific-technical makeup and people's qualifications, our geographical position, and other parameters. But through three years of doing nothing we have lost about 60 percent of that potential. You see, our leaders coming to power on various levels—from the ministers to the president—do not realize that they must answer to the people and to history for their actions. The times are too crucial and the problems we face are too complex to just sit around. We have finally realized that we have to change economic relations. My question is, Who is to change these economic relations? The ministries and the structures of the National Bank and the Supreme Soviet that are left over from the old days? Let me point out that they are not capable of adopting new relations, either in terms of their functions, their composition, their internal subunits, or their status. They are like relics. No matter how hard it may be, however, these vital and urgent problems of economy need to be solved right away. Just to talk about reforms is clearly not enough.

[Question] Lately, a number of politicians, for example Mr Soskin, have talked a lot about the necessity of quitting CIS. There is talk of a possible Black Sea-Baltic Sea axis. What are the political, economic, and geographical outlines of such an axis, and what do you think of it? (Loginov, Artemovsk).

[Lanovyy] Certain fanciful things have become fashionable in our politics—axes, even arcs, triangles, and so on. These attractive constructs were skillfully used by Zbigniew Brzezinski. In this case I think that the enterprises of countries ranged from north to south, from the Baltic to the Black Sea, and from west to east—between Germany and Russia—have always had the usual difficulties linked to the fact that the big countries have waged battles on their territory. And they have been squeezed and under a certain amount of economic pressure, even in the sphere of trade, to join some particular totalitarian structure. Therefore they have a common fate and, possibly, a way to escape that pressure. But that doesn't mean that they ought to ensure their stability and independence through internal association. For example, Poland, Hungary, and the Czech Republic have decided they are going to join NATO, which has accepted the

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idea of gradually admitting them, through military integration, political, and so on. NATO hasn't said anything like that about Ukraine and Belarus. The Baltic countries have decided to peg their monetary units to the German mark, and with respect to their economies they have joined the Union of Scandinavian Countries—a free zone in northern Europe. Ukraine, naturally, has traditionally had closer ties to Russia and the other countries of the former USSR, because all our industry is oriented toward those markets. If nothing is done—that is, if these links are broken and no other forms and markets are secured, we will simply ruin our industry, and our enterprises will turn into scrap heaps. Moreover, nobody feels like privatizing them, because only things that yield profits are privatized. Economically, you see, we—the countries in this zone—already have various orientations. I don't want to get into a debate, because we need to devise some real constructs. Of a political nature, for example. I have talked about that matter in Kiev. I think we need balanced political relations with West and East, because we cannot unilaterally join the Russian military bloc, and thereby again draw the boundary on our western "borders" and draw the line there for a standoff between huge armies, in order not to wind up again between a new hammer and anvil. On the other hand, we cannot join NATO either, because this would evoke a similar approval in the East and inexorable consequences on the psychological and military plane. Hence, we have to seek a balanced construct. And today, I think, this means an all-European treaty in support of peace, military correlations, and joint strategic tasks. Incidently, France's Prime Minister Baladur has proposed a pact which offers several approaches to resolving certain problems of security in Europe. This is of special concern to the smaller countries and national minorities in particular countries. He proposes three security rings in Europe. Ukraine would belong to the third ring. But this is how they see things from Paris, while we need to see our problems from Kiev, from Donetsk. Therefore, we have to approach these questions more broadly, especially on the political plane. They can also be developed economically. I don't think our trade should be restricted to Poland, for example, or the Baltic countries, although they are natural partners who can teach us a great deal. We do know that electrical power systems, metallurgy complexes, and machine building plants have been built in Africa, India, and the Arab world as well. We too can have markets there. I have talked with businessmen and representatives of parliament in Egypt. They tell me they need our pipes, our metal and our combines. In exchange for these goods, they say, they can supply us with plenty of good textiles, furniture, food products, and other necessities. And they can supply these things in great quantities. They can even supply huge credits, because market reforms in Egypt—which have been going on since 1975—have brought it about that dollar reserves in non-state banks, for example, add up to 16 billion. In just the same way we can find other markets waiting for us, and we could work there on a technical upgrading basis. When I was in the government in 1992, I talked with the Americans about major three-way trade agreements in which we would sell things to Africa, the Africans would supply their goods to America or Europe, these in turn would sell us certain technologies and technical products. And these questions could be dealt with both on the commercial level and on the state level. I don't think Ukraine should confine itself to small markets; the volumes and industrial capacity of our enterprises are such that they are fully capable of supplying transnational and international markets with their products.

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[Question] Vladimir Timofeyevich, on television we have seen you often in the company of one of our major entrepreneurs, Yevgeniy Aleksandrovich Shcherban.... (Surikov, Donetsk).

[Lanovyy] Let me tell you that in 1992, after I resigned, Yevgeniy Shcherban was one of the first to come to Kiev, shake my hand, and say, "If you need anything, count on us." I told him I would try to do the job myself, but I was very grateful to him for his moral support that he offered during those difficult days. So I value him as a human being, a man who is independent and able to do big things.

[Question] But didn't your friendship with him influence your joining the Liberal Party? Didn't this man, who is well known in these parts, influence you on this?

[Lanovyy] I don't deny that he did have a certain amount of influence on me. The fact is that after the presidential campaign, when I realized that there were no strong political party structures in Ukraine capable of advancing people to high state posts or bringing whole teams to the management of the country, and during the parliamentary elections many parties just collapsed—the level of political consciousness had increased greatly. And ways were found to seek more reliable political platforms and concerted efforts in order not to lose control over the country, so that Ukraine would not fall into either anarchy, or fascism, or again into demagogic communism. I had many talks with party leaders. And I realized that I also bear responsibility for the fact that we are not producing strong party structures. Let me say that the Liberal Party, because of its political orientation, program theses, statutory capabilities, and intellectual potential, interested me the most. At the congress I saw the party's elite, whose intellectual level—though I don't want to offend the other parties—was considerably higher. All this is rather favorable to this organization's political activity. When they asked me whether I could join their party, I said of course. It's true I had preliminary talks with Yevgeniy Shcherban, but I made the decision myself.

[Question] Many articles since your party's Second Congress have explored the idea of what's going to happen in the presidential elections with the Liberal Party pushing two candidates, Lanovyy and Soskin (Aleksandr Lin, Kramatorsk).

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[Lanovyy] First of all, you know, it's a long time until the presidential elections. We cannot hope to speed up the elections, and so forth, as some say. What we have to do now is ensure political stability in society, and an understanding of the necessity of profound economic reforms as soon as possible. How can this be achieved? If we have a political force in society, or several political forces which can do a good job of pointing out shortcomings to the country's political and economic leadership and make demands on the state's political management, only then can they focus attention on the fact that they are doing a bad job either on the legislative or the executive level. Society is now maturing through political structures. At the moment, therefore, I think that the main task is to strengthen the Liberal Party and give it a higher political profile, especially in the context of our situation and problems. Furthermore, teams of professionals need to come to leadership of the country, and it is in concerted effort that professionalism and consistent views are manifested. The team itself needs to be formed with a precise assignment of roles. Let me point out that the Liberal Party does aim to come to power—that's for certain. And the party does have strength, although it has to get even stronger and incorporate other structures. The party has the ability to bear responsibility for state power, not just struggle for it. The point, though, is not just to take power but to exercise it properly.

[Question] You were supported by the national-democratic movements during the presidential campaign in 1994. Now you have chosen to side with the liberals. So what was the 1994 Lanovyy model and what is the present model? (Tuz, Yenakiyevo).

[Lanovyy] I'll tell you what happened in 1994. Several national-democratic parties such as Rukh and the Christian Democrats said that they would support me in the presidential elections. The services of state bodies which put up obstacles to me and were working, naturally, for their own favorites, such as Kravchuk, made maximum use of all this. I had hardly had time to visit Odessa, Dnepropetrovsk or Donetsk when I found I was being "preceded" by rumors like "Lanovyy means UNSO, he's a Rukhite," and so on. All this was used to the maximum against me, and there was no time to explain the truth to the people. But when the elections came, these parties went all out for Kravchuk. All of them said publicly that Kravchuk alone could ensure the country's stability. I was surprised that these people, whom I had helped in the past, treated me so shabbily. Political honesty is what we need. Politics doesn't need intrigues, it needs honesty.

[Question] In 1991 there was a distribution of bonds by which we were supposed to be able to acquire cars, refrigerators, washing machines, and so on in 1994. Now the question of these bonds is being resolved in Russia, but will it be dealt with in Ukraine, and how? (A military serviceman, Donetsk Military Lyceum).

[Lanovyy] The bonds were distributed in 1990-1991, by the way. They represent the state's domestic debt to its population. They are one kind of debt—just like the people's savings, which were retained at one time. In this case, the question goes directly to our executive branch. Why? The Supreme Soviet talks about what we should return to the people, but the people in the Supreme Soviet can talk, but the financial mechanisms to pay off debts have to be worked out by the appropriate executive structures; the Supreme Soviet can only approve or not approve them. Right now our government is not taking care of foreign debts, if the terms are too tough, so are they going to worry about our own people? So the government has come up with no proposals on paying off these bonds.

[Question] Does the Center for Market Research give advice on economic, financial, and juridical matters, and if so where should we go? Does the Center train cadres? (Igor Chasnyk, Economist, Maryinskiy Rayon).

[Lanovyy] We do provide advice and make recommendations, but these are suggestions and recommendations on the high macroeconomic level. Our Center has chosen three main directions in its activity. The first consists of macroeconomics and general programs of reform and management reorganization. The second consists of privatization and fund markets. Right now we're trying to work out a methodology for effecting post-privatization circulation of enterprise assets. And the third: the reform of Ukraine's monetary and bank finance system. We have just completed a project relating to an expansion of the range of functions of the country's commercial banks, which are supposed to deal not only with trade processes in Ukraine but also production and investment processes. Within the framework of this direction, also, we worked on a project relating to the budget and to tax improvements. Let me say that we help anyone who accepts us—for example, the State Property Fund, the National Bank, or the Ministry of the Economy. We also try to help very large plants which are especially in need of large and important services. We don't always have the ability to help specific persons and citizens, or small enterprises. We don't have that many personnel; the Center employs professionals of a certain level, and we cannot enlarge our staff.

[Question] Two questions: When you ran for President of Ukraine I voted for you in hopes that your program called for the repeal of residence permits, the Stalinist legacy that is still alive here. What is your point of view on that? And could you relay that request to the President's administration? Next question: I respect you for pushing market reforms. Why don't we have a housing market now, and what's holding up housing privatization? Right now the renter has no rights despite the fact that he pays an insane amount for rent and communal services. Isn't it time to turn structures of the housing management section over to private hands, on a competitive basis? (Nikolay Serdyuk, a student at Donetsk State University).

[Lanovyy] I understand the situation here. I think that it is economically essential to regulate population flows in

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and out of the cities, but not by prohibitive residence permits. Right now, residence permits are nothing but a screen behind which improper things are going on. So we need to abolish the institution of administrative residence permits and create the right economic conditions. In particular, I should like to touch upon the subject of rent and utility payments. What the government is doing is absolutely wrong. It is wrong not only because rents are rising so fast, and the people cannot adjust to it, because they don't have money, and people, even if they are law-abiding, are physically unable to pay. After all, you have to live on something. The government should have made use of the budget to offer more lenient terms of payment—that is, it should have looked for resources to support these systems, but not at the expense of poor people. That's one aspect. The other aspect is that it is wrong to raise the rent equally for an apartment of only 10 square meters and set the same rate for an apartment of 100 meters. A number of things need to be taken into account, even the apartment's location—whether downtown or on the outskirts, whether it has all the conveniences or not, and so on. All these things need attention, of course, but our system of so-called services and payments hasn't even budged. In the Supreme Soviet's Budget Commission we had a discussion about the state's pension and social funds in the context of budget planning for the following year. I said to the chairman of the Pension Fund, "You people were the commercial pension fund in 1991-1992, you have money left over, just deposit it, earn interest, and then you can guarantee that people's pensions will be raised. All it takes is some thought, just use your brains. Then things will go better." And when it comes to rent, no one is willing to devise a method of solving the problem correctly. I'm in favor of having people pay in full for costly housing and extra features, that's how it should be. And communal housing ought to go for less rent. We ought to differentiate between privatized and nonprivatized housing. For example, a person who privatizes his apartment should actually pay for it, and then pay less tax. Yet people don't even realize that privatization has occurred. Everything remains what it was.

[Question] I have worked underground for sixteen years. I have a higher education and would like to find work as a commercial agent. But it's impossible in Donetsk Oblast, although commercial agents are needed in other oblasts of Ukraine. If you can, would you please help me find a job like that in the oblast or in Donetsk itself. (Vladimir Melnik, Kirovskoye).

[Lanovyy] You know, our government faces a big problem relating to potential unemployment. The government should have started working out a program to create new jobs long ago. Various solutions are possible; it is not absolutely necessary to build a new plant, but it might be necessary to stimulate the creation of small private firms, especially in regions of potentially high unemployment. If so, these problems can't be solved without labor exchanges. I would say that if we had regular exchanges, a person who applied there would have found the right job long ago. Nothing is being done along these lines now, though. And before long we are going to have big problems on our hands. There's no way to create a market without a labor market, a manpower market.

[Question] What do you think about the zero option agreement signed by Masol between Ukraine and Russia? (Nikolay Osmakov, Donetsk).

[Lanovyy] Start with the fact that until 1985 the Soviet Union was the world's biggest owner of real estate, assets, revenues, and enterprise properties—that is, the owner of what we invested in industry abroad, the land and buildings we bought there in the most prestigious sections of major cities, and much else. All of that either evaporated or, if it didn't, it was retained by the leaders of Russia, which became the heir to the former USSR. What can we say in response? We cannot justify Russia, of course, because there are international conventions on the rights of inheritance to property and debts. All the assets should have been distributed. But Russia didn't provide us with any information on the matter. All we have is approximate figures which do not reflect reality at all. It is said, for example, that there is 300 billion in assets there, while 82 billion in debts was incurred in Gorbachev's time. Yes, Russia is morally to blame. But on the other hand, if they don't give in and we stick to our guns, only war will result. Politics is the art of the possible. This is why we cannot have confrontations, ruptures, and standoffs. Especially now that we have seen that Russia can use other things besides political, peaceful methods to resolve serious problems. I think we have to seek political methods of solving the problem, try to find alternative proposals and well-argued approaches, seek ways to settle the issue. Still, we cannot abandon the question of debts and property liabilities. Ukraine and Russia have a number of unsettled issues, including with respect to the armed forces. At the beginning of the events in Chechnya I had this to say during a debate: Events in Chechnya have shown that the disintegration of the Soviet Union is not yet complete. The various state holdings of the former USSR have yet to be distributed among the new states. By this I mean that the military system has not been divided up, the information system has not been settled, intellectual assets have not been agreed upon, even the principles of territorial boundaries have not been settled. And other countries besides Ukraine are affected. International obligations have not been settled. The Soviet Union signed over 150 different international conventions. The question is whether Ukraine is automatically a part of these international conventions, or whether it has to sign new ones. And, you see, the Soviet Union's international obligations have not been divided up. This also has to do with property issues. I once proposed creating an interparliamentary institution to work out the principles and laws governing the raising of bridges. And after that, the governments would decide specifically who got what. But just to give everything away, without rights and documents, is shortsighted. Of course we must not do what the Baltics did—abandon everything and go. After

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all, Ukraine is not the Baltics, we have longer historical ties with Russia. Now we need to organize these mechanisms constructively.

[Question] Vladimir Timofeyevich, can people write to you, and what is your address? (Yuriy Os, Donetsk).

[Lanovyy] Certainly. The address is: Lanovyy, Supreme Soviet, Kiev. I get around ten to fifteen letters a day. I read them all and answer them or else send them on to the appropriate bureaus if help is needed.

Faction Leader on Presidium Dismissal

954F1702A Simferopol KRYMSKIYE IZVESTIYA in Russian 4 Mar 95 p 1

[Interview with Vladimir Klychnikov, head of the Respublika faction in the Crimean Supreme Council, by L. Chevelcha; place and date not given: "We Need Professionals"]

[FBIS Translated Text] *Since a new composition of the Crimean Supreme Council [CSC] presidium is still to be formed, we asked Vladimir Klychnikov, head of the CSC's Respublika faction, to review the parliament's week.*

[Chevelcha] The Respublika faction was one of the initiators of replacing the parliament's higher body. How do you see the current situation, with the entire membership of the presidium out?

[Klychnikov] We have since 10 May 1994 brought up the question of the incompetence of the presidium, which was not formed by parliamentary principles. We were able to convince the majority of deputies of the need to replace the old membership of the presidium and the Supreme Council chairman. This is a normal practice of dealing with an organizational matter. We believe that the majority in the Supreme Council wants to elect a new chairman and presidium, and believe that it will happen soon.

Of course, as we begin the elections, the first round may not produce results, but in the second round deputies will already make up their mind and elect the chairman. If it happens differently, new candidates will be nominated. There is no tragedy in this either—it is just that elections will take a little more time. Of course, we want to finish everything as quickly as possible. And then—work, normal and constructive. Everybody has gotten tired over the past three months. The Supreme Council did practically nothing but deal with this organizational matter. Adoption of laws was suspended, and this is at a time when preparations are under way for elections to local councils. The law on elections had a lot of shortcomings that need to be removed or corrected. More than enough work has accumulated.

We respect our opponents and Sergey Pavlovich too. We think we will be working together in a normal fashion. And Sergey Pavlovich as a deputy and perhaps as a future presidium member will considerably benefit the Supreme Council by his experience.

We hope that the new presidium will be more professional.

[Chevelcha] Has it been decided on what basis the new composition of the presidium will be formed?

[Klychnikov] Yes, this point has been discussed many times. It will be based on the principle of faction representation. But this principle is secondary too. The main point is professionalism. And representation of factions in the presidium—we all agree on this point—should not be purely mathematical. Perhaps some faction will get one slot, and another three or four. There is nothing terrible about it. The important part is that they will nominate their professionals. Representation of all factions in the presidium should not upset anybody, because there are a lot of professionals in each faction. We will try to find the golden mean. And form a capable professional leadership in the Supreme Council.

From the editors: By the way, as competent persons have confirmed, practically all parliaments of other states form their leadership on the basis of factional representation. Maybe we too will finally renounce our "special way" and take the civilized road....

President Orders Measures To Stabilize Coal Industry

LD0903205395 Kiev Radio Ukraine World Service in Ukrainian 2000 GMT 9 Mar 95

[FBIS Translated Text] President Leonid Kuchma issued a directive outlining priority measures to ensure a guaranteed supply of coal to the Ukrainian economy and population, and to improve the efficiency of coal industry enterprises. The list of measures include issuing funds to the Ministry of Coal Industry and enterprises of the sector for capital construction, funding mine rescue services, closing loss-making enterprises, and funding surveying and prospecting. The document envisions the establishment of a stabilization fund for the coal industry, as well as fuel, coal, and metallurgical financial-industrial groups.

Joint Fight Against Drugs Discussed in Lvov Oblast

WS0903152795 Lvov Television in Ukrainian 1715 GMT 8 Mar 95

[FBIS Translated Text] It is very sad, but we have to admit that there exists a centralized network of suppliers and consumers of narcotic substances on the territory of Lvov Oblast. This opinion was expressed at a session of the Coordinating Council attended by representatives of the Interior Ministry Lvov Oblast Directorate, the Ukrainian Security Service, the Prosecutor's Office, as well as educational and medical institutions. According to the Interior Directorate, around 5 kg of narcotics are confiscated, and 15 to 20 drug-related crimes are reported in the oblast every day. According to data provided by the Health Protection Directorate, around

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31,000 drug addicts have been registered by the oblast narcotics clinic, 60 percent of whom are young or unemployed. It is surprising that Interior Directorate officers have so far booked only 610 drug dealers, which is evidently fewer than the actual number of people involved in drug trafficking. This is primarily due to the fact that the efforts of different agencies in charge of this problem are scattered, while it is high time they were united for the sake of joint coordinated activities.

Deputy Minister Discusses Privatization Woes

WS0903130095 Kiev SAMOSTIYNA UKRAYINA in Ukrainian 2-8 Mar 95 p 5

[Interview with Deputy Economy Minister Lada Pavlikovska by Alla Hanhanova; place and date not given: "Suspension of Privatization Has Led to Its 'Shadowization'"]

[FBIS Translated Text] [Hanhanova] **Privatization has virtually been suspended in Ukraine now, even though some people are using the words "temporary suspension." Although numerous violations of legislation served as the main argument for those who initiated this step, no concrete example has been provided. We have not heard of any legal proceedings in this regard, even though only a court can conclude that the law has been violated. Therefore, Ms. Lada, my first question is whether one can expect positive changes in this process?**

[Pavlikovska] Over the last few years, a legislative basis has been created in Ukraine virtually from scratch, which made it possible to conduct and oversee privatization. One cannot say that the legislation on privatization was flawless. Certain legislative acts contradicted one another, and they often even contradicted the Concept of Denationalization and Privatization passed by the Supreme Council in 1991. Some of these acts were passed under pressure, and reflected interests which not always conformed to the interests of society. In particular, this relates to legislative acts regulating leasing. However, I would like to repeat, a legislative basis as a whole has been created in Ukraine, making it possible to receive such good results from privatization, that we can only dream about them today. The only thing we lacked was political will and steadfastness.

Naturally, such a large-scale process as privatization cannot proceed without certain violations, though one cannot but agree with you that arguments unbacked by concrete facts were used to make this important decision. However, there are also violations of traffic, trade, or medical rules. Nobody has proven that there were more violations in privatization than in other areas of life. Nobody has arrived at the idea of turning on a red light or closing all stores to prevent violations of traffic or trade rules, while the only way to combat violations related to privatization was its suspension, even though it was not established who committed them, or where. By the way, a number of Ukrainian Supreme Council deputies, who voted in favor of this resolution last year, have recently understood that it was an erroneous step. Just as all attempts to halt natural social processes, the suspension of privatization has only led to its shadowization, has increased the number of embezzlements, and created quite essential difficulties in the process of returning privatization into a civilized area. In the current situation, the latest Ukrainian presidential edicts on stepping up privatization of medium-sized and large enterprises, as well as on small privatization, have become an attempt to provide privatization with the required assistance. I am convinced that if the president's actions are supported by our highest legislative body, privatization will continue in Ukraine, and will play an appropriate role in economic reforms.

[Hanhanova] **As everybody knows, the Ukrainian Supreme Council resolved that privatization will resume after the parliament authorizes a list of enterprises not subject to privatization due to their nationwide importance. Do you think that this list is needed, and what is being done in this direction?**

[Pavlikovska] Yes, the Ukrainian Cabinet of Ministers has been commissioned to draw up the list, which currently includes over 5,500 enterprises. Although it has repeatedly been submitted to the Supreme Council for consideration, it has not yet been authorized for various reasons. Given the situation surrounding the list, in our opinion, it will not be approved.

The main reason behind this is an incorrect approach to the drawing up of the list, which not only affects the Supreme Council's decision, but can also adversely affect the protection of state interests during privatization.

This primarily relates to the principle of itemizing the list of facilities. The Ukrainian Law "On Privatization of Property of State-Run Enterprises" has already defined groups of facilities not subject to privatization. In practice, lists of groups of facilities not subject to privatization have been authorized simultaneously with state privatization programs, and have been the latter's components. This approach was duplicated in the Ukrainian Cabinet of Ministers Decree No. 26-92 "On List of Property of State-Run Enterprises, Organizations, and Their Structural Subdivisions in Basic Industries, Privatization or Leasing of Which Is Prohibited" issued on 31 December 1992.

In these documents, facilities which are not subject to privatization were grouped according to branch, functional, and production criteria without itemizing them. This made it possible for privatization agencies to resolve their possible privatization in each separate case, proceeding from the general principles and characteristic features of a specific facility. We do not know of any case of a decision made to privatize an enterprise which would fall under the criteria set in the aforementioned documents.

The attempt to draw up an itemized list of facilities which are not subject to privatization has led to a

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situation, in which the list includes (or does not include) facilities whose characteristic features were not examined while the list was being drawn up, and will not be examined after the list is authorized. This creates grounds for a subjective approach to drawing up the list, according to which not state interests, but interests of separate authorities, people's deputies, staffs, or other interested people prevail.

[Hanhanova] **Although one cannot but agree with what you have said, in my opinion, the disorder surrounding the authorization of these lists is not a reason but a means of delaying privatization. During a parliamentary debate on the issue of "improving" privatization, a number of accusations were leveled at the State Property Fund—our "main privatizer."**

[Pavlikovska] The fund's activities cannot be assessed equivocally. While as few as 30 facilities were privatized in 1992, there were 3,500 facilities privatized in 1993, and nearly 8,000 in 1994. Undoubtedly, we can see progress in the expansion of the scope of privatization, and the role of the State Property Fund in this process is undeniable. At the same time, considering to what degree the State Property Fund, as the main privatization agency, has used its capabilities to expand this process (and it is not hard to find an answer to this question—it is enough to compare the current figures with objectives set in the state privatization programs), it seems that the results of the fund's work are unsatisfactory. Of course, there have been enough circumstances for this agency to have such results: This refers to a lack of a single system of privatization agencies, inadequately trained personnel, particularly in the regions, and an overload of other functions, which are often not related to privatization. Therefore, now that we have learned that the State Property Fund is going to manage the state-run sector of the economy, assist enterprises, and deal with other issues which distract it from the performance of its primary function—conducting privatization—we are both impressed and concerned.

Additionally, certain actions by the State Property Fund not only have not expedited privatization, but have directly slowed it down. For example, when in 1993 and 1994 enterprises were being transformed into joint stock companies, the fund signed over 250 agreements on leasing the property of enterprises which were not to be transformed into joint stock companies, and subsequently, were not subject to privatization. One could calculate how many Ukrainian citizens lost an opportunity to use their privatization vouchers as a result of this, and to what degree their vouchers depreciated in real terms.

We are always ready to cooperate with the State Property Fund, as well as with anyone who is really interested in conducting privatization in Ukraine. There have been many examples of this cooperation resulting in real advancements in ownership reform. However, we will always do everything possible to prevent distortions, impediments, or inaction in this area.

[Hanhanova] **Despite all the difficulties, the private sector does exist in Ukraine.**

[Pavlikovska] Last year, unfortunately, there was no fundamental breakthrough in the development of entrepreneurship in Ukraine, since no conducive conditions were created for this to occur. This relates to the slow pace of ownership reform and distortions allowed in this process, which I have already mentioned, the heavy burden of taxes, a flawed pricing policy, as well as the lack of a stable economic situation, an appropriate normative-legal basis, and a proper sociological and psychological mood in society.

Public opinion, formed during the 70 years of attempts to build socialism, is biased against entrepreneurship, does not inspire people to prove themselves in business, and sometimes affects decisions on assistance to entrepreneurs.

[Hanhanova] **In general, state financial-credit assistance to businessmen is conducted by the Ukrainian National Fund for Supporting Entrepreneurship and Developing Competition. How efficiently does it work, in your opinion?**

[Pavlikovska] Last year, 95 billion karbovantsi was earmarked from the state budget to assist businessmen to finance over 50 projects, primarily at enterprises producing or inventing new products. Out of this money, 23.6 percent was channeled to the production sector, as well as toward reprocessing and storage of produce, 15.9 percent—to innovations, 16.9 percent—to production of construction materials and construction, and 17.4 percent—to production of consumer goods.

However, an analysis of the work of the Ukrainian National Fund for Supporting Entrepreneurship and Developing Competition, and the development of competition shows that the fund does not perform its tasks in full. Among its main shortcomings, one should single out the fact that conditions for subjectiveness in making decisions on financing certain facilities have been created, and that budget funds have sometimes been spent inefficiently and irrationally. In our opinion, the fund must be reorganized. The Ministry of Finances and the Ministry of Economy should become its founders from the state side. State financial assistance to entrepreneurs should be based on national and regional programs, targeted at specific projects, and carried out through tenders.

Council Chairman Views Situation in Kharkov Oblast

WS1003105695 Kharkov VREMYA in Russian 2 Mar 95 pp 1,2

[Interview with Kharkov Oblast Council Chairman Aleksandr Stepanovich Maselskiy by V. Yasinskiy; place and date not given: "We Work Relying on Our Own Forces"]

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[FBIS Translated Excerpt] [passage omitted] [Yasinskiy] According to statistics, unemployment is going up in the oblast. In addition, as before the people do not receive their pensions and wages on time, enterprises are being closed down. Tell us, please, what do the oblast authorities do to at least slightly alleviate the plight of the people?

[Maselskiy] Indeed, we are seriously concerned with unemployment. As has been said, we have not studied this issue before, but now we have to face that phenomenon as well and resolve the problem. As of the beginning of the current year, the unemployment rate in the oblast accounted for 0.9 percent, while its rate in Ukraine stood at 0.33 percent. Last year, enterprises and organizations dismissed 14,700 people for various reasons, and 7,000 of them turned to the Employment Service. All in all, the Employment Service registered 21,000 unemployed last year. Almost 6,500 received employment assistance.

There are currently 4,600 unemployed in the oblast; 3,800 of them were registered last year. However, the number of unemployed that were registered and the unemployment rate is lower than was predicted by the oblast employment program. Why? Due to an increase in concealed unemployment?

In fact, regarding the closed-down enterprises you mentioned, not one of them has been closed down. Temporary stoppage in production takes place. Today, enterprises of the light industry, the agricultural machine-building, the defense complex, and the electric appliances sector work at 33 percent of their production capacity. Undoubtedly, the situation in the industrial sector remains extremely difficult. Lack of working capital and the nonpayment crisis lead to a lack of budget funds and, in particular, to delayed payments of pensions and wages.

Regrettably, legislation does not authorize local authorities to change the taxation policy, to remove customs barriers, and to implement economic policy. Therefore, we have submitted our proposals to the Ukraine's president, the Supreme Council, and the government to grant greater powers to regions in managing material production. Several of our motions have been included in the draft law "On Power" that is being currently considered by the Supreme Council. [passage omitted]

[Yasinskiy] Aleksandr Stepanovich, as you remember, our newspaper reported that Kiev impounded our oblast's accounts on New Year's eve. Have they been unblocked? Will similar occurrences be repeated in the future? How are our relations with the center being settled currently? How much will we transfer to the state budget, and how much will remain in our oblast?

[Maselskiy] Things are quite different. First of all, the accounts have not been impounded. On 9 December last year, the Ministry of Finances and the Ukrainian National Bank issued a payment order to write off 1 trillion karbovantsi from the oblast budget to the amount that had not been transferred to the state budget. All necessary accounts and an analysis of how the funds had been spent were submitted to the Ministry of Finances. Payment documents were withdrawn in late December. One hundred and twenty six million karbovantsi were transferred to the state budget.

Regarding the current situation, the problem of financing the public sector is tight. It is connected with two factors. The first and the most important factor is as follows: We failed to stabilize industrial production. In January alone, industrial output stood at 22.2 percent compared to January 1994. Well, it is clear that if there is no industrial output, there is no budget. Therefore, our primary task is to do everything possible to make our industry—as well as other sectors of our region—work.

Second, Ukraine's budget for 1995 has not been yet approved and we work based on norms of the law on the 1994 budget. According to the norms, 62.8 percent of territorial revenues are withdrawn from the oblast. The funds that are left in the oblast ensure only 25 percent of our requirements. That is why only the most urgent needs are subsidized. We have already drawn up the draft oblast budget for the current year, and we have calculated deduction norms from taxes and payments to the state. All these documents and proposals have been submitted to the Ukrainian Supreme Council, the Ministries of Finances and Economy, as well as to all Ukraine's people's deputies from Kharkov Oblast. According to our estimates, at least 75 percent of the territorial revenues must remain in the oblast. These reserves, however, will barely meet our requirements. In fact, this is a survival budget.

We have reported on the current financial situation in our oblast to Ukraine's president and the Supreme Council. I think that you have read the appeal by the chairmen of councils in towns and rayons of our oblast regarding that issue. Unfortunately, not everything depends on us. [passage omitted]

[Yasinskiy] Aleksandr Stepanovich, people are concerned with privatization. Are you satisfied with the tempos of privatization in the oblast or is it necessary to change something in this area, in particular, to replace the staff of the Regional Office of the State Property Fund?

[Maselskiy] The program for privatization of state property in our oblast in 1994 has not been entirely fulfilled. An analysis of the nationalization shows certain stepping up of these processes in the first six months of 1994. But due to objective and subjective reasons, privatization was virtually suspended in the second half of last year.

Privatization, however, is not an aim in itself. The Regional Office of the State Property Fund privatized an entire range of facilities without predicting the consequences or considering proposals of executive committees in rayons. For example, privatization of enterprises

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trading in vegetables—that eventually ruined the vegetable trading network—illustrates this case.

The establishment of a single system of privatization bodies requires highly qualified managers who are able to predict the results of privatization and its impact on people's needs.

Unsatisfactory supervision over the fulfillment of the terms of contracts of sale and leasing contracts is a weak point in the work of the Regional Office of the State Property Fund as well as in the work of its mission in towns and rayons.

Privatization is currently entering its active stage. Privatization vouchers payable to the person named are being introduced. It is necessary to set up a center for holding privatization voucher auctions and bureaus to collect them. To implement the Ukrainian president's edict "On Measures To Accelerate Small Privatization" from 30 December 1994 it is necessary to work hard. Preliminary lists of facilities subject to privatization have already been drafted, while there are thousands of such facilities in the entire oblast. Details are being currently specified. What is important here? Everyone should feel the results of the nationalization of property. [passage omitted]

Tsekov Re-Elected Crimean Parliament Chairman

LD0903141895 Kiev UNIAN in Ukrainian 1340 GMT 9 Mar 95

[FBIS Translated Text] Simferopol [no dateline as received]—Serhiy Tsekov has been re-elected as chairman of Crimea's Supreme Council in the second round of voting in the republic's parliament. He won 57 votes in favor beating his rival, Oleksandr Korotko, who received 34.

Volodymyr Klychnykov, leader of the Respublika group, and Oleksandr Frolov, leader of the Rossiya-Yedinstvo [Russia-Unity] group, were elected deputy chairmen, having won 52 and 59 votes respectively.

President of Crimea Yuriy Meshkov, appearing in parliament for the first time in six months, congratulated Tsekov on his re- election.

Seven candidates had contended the post originally: Oleksandr Korotko, Oleksandr Loyevskyy, Yuriy Osypov, Serhiy Tsekov, Refat Chubarov [deputy chairman of Crimean-Tatar People's Majlis], Vasyl Kiselyov, and Mykhaylo Shumakov. Kyselyov withdrew earlier today.

Tsekov won 48 votes in the first round, Korotko—25, Chubarov—15, Shumakov—five, and Loyevskyy—three.

Candidates for Tsekov Post Named

954F1701A Simferopol KRYMSKIYE IZVESTIYA in Russian 4 Mar 95 p 1

[Report by the Crimean Supreme Council Press Center: "Second Session of the Crimean Supreme Council"]

[FBIS Translated Text] After a prolonged discussion in closed plenary session 2 March, the Crimean Supreme Council adopted the law "On Recognition of the Crimean ASSR Law on the Organs of State Power of the Crimean ASSR As No Longer Valid" and the decree "On the Mechanism for Early Dismissal of the Chairman of the Crimean Supreme Council." The Crimean Supreme Council also approved the statement of Crimean Supreme Council Chairman S. Tsekov on early release from his position. In accordance with the adopted resolution, the authority of chairman of the Crimean Supreme Council will be removed from S. Tsekov effective the moment a new chairman of the Crimean Supreme Council is elected.

Following consultations within the factions, seven candidates were nominated for the position of chairman of the Crimean Supreme Council: V. Verchenko, A. Gritsenko, V. Kiselev, V. Klychnikov, A. Korotko, S. Tsekov, and M. Shumakov. The deputies adopted a resolution on holding the election for chairman of the Crimean Supreme Council on 6 March.

Members of Crimean Supreme Council Presidium Approved

LD0903210895 Kiev UNIAR in Ukrainian 1930 GMT 9 Mar 95

[FBIS Translated Text] Simferopol, 9 Mar—The Supreme Council of Crimea has approved new members of the Supreme Council Presidium. After Serhiy Tsekov was elected chairman of parliament and Volodymyr Klychnykov and Oleksandr Frolov were elected as his deputies, chairmen of the Supreme Council standing commissions were approved:

1. Refat Chubarov (Crimean Tatar constituency), chairman of the Commission for Nationalities Policy and Deported Nations;

2. Detsur Arifov (Crimean Tatar constituency), chairman of the Credentials Committee for Deputies' Ethics;

3. Vasyl Shpilkin (deputy grouping "Crimea"), chairman of the Commission for Economy and Budgetary Policy;

4. Hennadiy Reshetnikov ("Russia" group), chairman of the Commission for Social Issues;

5. Mykhaylo Bystrov ("Russia" group), chairman of the Commission for Health Protection and Sanatoria and Health Resort Treatment;

6. Yuriy Podkopayev ("Russia" group), chairman of the Commission for Education, Science, Culture, and Sports;

7. Volodymyr Zhukov ("Russia-Unity" group), chairman of the Commission for the Mass Media and Public Relations;

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8. Yuriy Zyryanov ("Russia-Unity" group), chairman of the Commission for Local Self-Government;

Chairmen of the commission for military issues, the commission for ecology, and the commission for the provision of agrarian and food products have not been approved.

It was decided to hold an extraordinary plenary session of the Supreme Council of Crimea tomorrow, 10 March, to elect the rest of the chairmen of the Supreme Council of Crimea standing commissions and consider a draft on introducing amendments and addenda to the election law of the Republic of Crimea. Crimean members of parliament will consider the issue of forming a delegation of the Supreme Council of Crimea to attend plenary sessions of the Ukrainian Supreme Council session in Kiev on 16 March, at which the situation that has taken shape in the Republic of Crimea will be discussed.

Crimean Agrarian Faction Formed

954F1701C Simferopol KRYMSKIYE IZVESTIYA in Russian 7 Mar 95 p 1

[Interview with Yuriy Selyukh, chairman of the Agrarians of Crimea faction of the Crimean Supreme Council, by L. Chebelna; place and date not given: "Agrarians of Crimea: 'Without Communists!'"]

[FBIS Translated Text] **Several days ago at one of the sessions of parliament, a group of deputies presented a declaration on creation of a new faction. This faction has taken the name Agrarians of Crimea. We spoke with Yuriy Selyukh, chairman of this new deputy formation, and asked him to tell us the reason for the change and the basis upon which deputies have united under this designation.**

[Selyukh] Within our original organized faction—Agrarians, a decision was made to rename the faction Agrarian-Communists. The decision was made by a majority of the members, but in my view it was somewhat hasty, rendered without a serious approach, without discussion. After nine out of 11 faction members cast their vote, two individuals abstaining in the decision, it was necessary to draw up documents to legally re-register the faction as new. However, during the period of time devoted to re-registering, many agrarians—in particular, six representatives of the faction, a majority—expressed the desire to remain an independent faction, devoid of any political hue.

We had declared all the while that we would be engaged in problems of the economy and problems of the village, and would be involved as little as possible in politics. Following discussion, the question arose of either refraining from renaming the faction or seeking other means. The situation unfolded in such a manner that five of the 11 individuals advocated renaming the faction, while six were opposed to this. Six representatives of the Agrarians decided to establish a new faction under the new name Agrarians of Crimea. A few more deputies joined us. Of course, we wanted people with a compatible specialty to join us. There are, however, very few agrarians in the parliament. In addition, we received support in general throughout the Supreme Council—other factions contributed their members. In this manner, a new faction was formed.

Right now we are adapting to the situation. Our people are new, but we hope to attain unity.

[Chebelna] But do you, the agrarian faction, retain the same positions as before?

[Selyukh] Absolutely. The following are entered in our statute: to resolve economic problems, to reform the agro-industrial complex, to protect the social rights of rural residents. These are our main positions.

[Chebelna] So are you distancing yourselves from the Communists?

[Selyukh] Yes. Because the Communists, as I understand it, have other, purely political objectives, objectives of acceding to power. We do not make such statements.

Economic Issues

Moroz Interviewed on Economic Situation

LD1003101995 Kiev Radio Ukraine World Service in Ukrainian 2035 GMT 9 Mar 95

[FBIS Translated Text] You are listening to a program coming your way from Kiev. Now from holidays we go over to our every day life.

Such issues as the state budget and foreign investments are being widely discussed here. Why are foreign investors, for example, not hurrying to Ukraine?

The speaker of the national parliament, Oleksandr Moroz, shared his views on the above issues in a conversation with our correspondent Tamara Kucherenko.

[Kucherenko] As a matter of fact, the economic reform program of the Ukrainian Government is based on the principles whose inseparable components, among others, are economic stabilization, market competition and rigid financial policy. For example, it is foreseen that the World Bank's rehabilitation loan to Ukraine worth 500 million dollars, which was approved at the end of 1994, or the International Monetary Fund's current stand-by loan worth 1.5 billion dollars will help carry out key structural reforms, such as privatization and land reform, without which one cannot expect active response on the part of industrial producers. And although a good enough legislative basis has been created in Ukraine, life shows that foreign investors—U.S. investors included—are not in a hurry to invest their capital in our state. What is the reason for this?

I asked Ukraine's Supreme Council Chairman Oleksandr Moroz to answer this question.

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[Begin Moroz recording] You are touching upon a very complicated and broad-scale issue. As far as its political and economic context alone is concerned, there is nothing to be surprised at, because this is not the issue of the United States but the issue of specific individuals in the United States, including the people who are referred to as businessmen. Therefore, everyone of them, investing his capital hopes to get it back. In this connection there is a saying: look before you leap. This is why I am not at all surprised at this.

On the other hand, it is not as easy for the United States to establish relations today in Eastern Europe as it seems to be at first glance. There are contradictions here at a different scale. By developing relations today with Russia and other states, the European Community to a certain extent provokes competition for the United States. This is why, an extensive program of developing relations with Mexico was adopted by the United States, which is a cut above what we even expected. And this happened in many ways due to a search for new balances in the world. Elementary competition has its effect on the determination of these balances.

Therefore, it seems to me that today, while establishing these relations, we should look for any opportunity to satisfy both our interest and that of the United States. It also seems to me that now Ukraine will probably be even more attractive for the United States than ever before, because we are currently present at a kind of a process of regaining our sight, which has been taking place over the past few years—from viewing Ukraine as a subject of international law and an economic partner to the understanding that cooperation is needed and to the beginning of cooperation in practical terms. It seems to me that today we are reaching the third level. Time will show how effective it will be and how quick the development of relations during this period will be. I think that the Ukrainian side is doing everything toward that end but the Americans, too, should not be procrastinating too much. [end recording]

[Kucherenko] I also asked Oleksandr Moroz to express his opinion on whether our state would succeed in removing contradictions as regards Ukraine's budget for 1995? We remember that international financial structures are demanding a deficit-free budget from us [Ukraine] and making everything dependent on foreign investments. Oleksandr Moroz said:

[Begin Moroz recording] Of course it will succeed. However, the cart should not be put before the horse. If we independently achieve such a level within the budget, a deficit-free budget or at least a level of 3.6 or 5 percent, we will not need any aid, and probably no one will be able to help us, because now it is necessary to shift part of the burden connected with payments to the budget to other factors. Most likely a moderately sized credit which would cover our needs for budgetary spending within economic processes could also work in this case.

If today we need to commission an underground line in Kharkov, which is around 97 percent ready—and we need 3 trillion karbovantsi for this—this money should be found. Because there will be profit afterward, but the profit will only become available later, say in 12 or 18 months. However, we should incur expenses this year. Should this money be earmarked to cover the budget deficit or settle the internal debt?

Another example is a confectionary in Cherkassy. Today it needs 100 billion karbovantsi of capital investment, so that in the fall it could return 240 billion karbovantsi to the budget. But this will happen later, and today these are expenses, a state credit. Those who have doubts as to whether or not this credit should be extended, let them not believe Moroz, for example, as a former Communist Party member, but let them believe Count Vitte, who was saying as far back as in 1912 that the country which wants to develop itself and cares about the coming generations, so that they can also work effectively, should extend state credits. As we understand it, this may even be emission to a certain extent. One should not be afraid that inflation will somewhat grow as a result of the emission. If the growth in the volume of production is higher than the rate of inflation [words indistinct]. And all states are doing this now. [end recording]

[Kucherenko] I also asked the Supreme Council chairman how justified is the stand of those economists who believe that only foreign investments can speed up the process of introducing the hryvna in Ukraine.

[Begin Moroz recording] I hope that the main source of stabilization and guarantees for the introduction of the Ukrainian hryvna [passage indistinct]. This is a problem [words indistinct], we should take this into account but we should rely on our own forces. [end recording]

[Kucherenko] And Ukraine does have its own forces. Undoubtedly, there is unused potential—Ukraine's industry today works at 58 percent of its capacity. This is also the fact that Ukraine occupies 45th place among 173 countries, according to the human development index in the UN list—it has almost the lowest wages in central and eastern Europe. This is despite the fact that our people, Ukrainians, have never wanted to occupy foreign territories or wash their high boots in someone's blood, but have been striving to sow grain, yield rich harvests, receive proper payment for their labor, and bring prosperity to their families so that children may be happy.

Legislator Details Work on 1995 State Budget

AU0903185195 Kiev HOLOS UKRAYINY in Ukrainian 7 Mar 95 p 1

[Unattributed report: "Ukraine and the IMF Influence"]

[FBIS Translated Text] Mykola Azarov, chairman of the Commission for Budgetary Issues, and Viktor Ponedilko, chairman of the Commission for Issues of Legislative Provision for Freedom of Speech and the Mass Media, took part in a briefing organized by the Supreme Council Press Service. M. Azarov said, in particular, that the draft law on Ukraine's budgetary system had been adopted the

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day before. It incorporates principles for dividing the budget, figuratively speaking, among the capital and the provinces, and divides functions of the legislative and executive powers in terms of funds.

"Unfortunately," pointed out M. Azarov, this law has a number of incomplete points. We had to look for a compromise between positions, which, in fact, exclude one another: Either leave all the revenue in provinces and channel a specified share to the "top" or concentrate the total amount of the revenue "at the top" and distribute from there what belongs to whom. We have failed to find an acceptable compromise so far, but one thing is beyond doubt: The future belongs to the formation of the state budget from "below"—from regions.

"Our commission sets itself the task of promoting stabilization in society. The state budget must become an effective mechanism for financial and, consequently, also political stabilization. In the course of its work, the budgetary commission (it held 36 working sessions) processed a huge amount of material, and it now possesses trustworthy information regarding all available receipts and expenditure. This will enable us to be fully prepared for the discussion at the session of the 1995 state budget. The government has not yet submitted it, but such a document with the president's signature must be handed to Ukraine's Supreme Council for consideration no later than 10 March.

"The formation of the budget proceeds in conditions of a considerable decline in production that was particularly bad in the last few years. It would suffice to make the following comparison: Whereas in 1990, the overall national product was estimated at $114 billion, in 1994, it was just $38.7 billion, or one-third of the former level.

"At the same time, we are breaking more and more records in increasing the administrative and management apparatus. Whereas last year, that legion numbered 124,000 persons, it is now already 196,000! All of them live at the expense of the budget."

"Is there a way to prevent the expansion of bureaucracy?"

"Our commission adopted a decision to see to it that the administrative and management apparatus is halved."

There is yet another aspect that is worthy of attention. Asked whether the International Monetary Fund advanced some conditions regarding the formation of our 1995 budget prior to it granting us financial assistance, M. Azarov replied:

"Yes, it did. We were compelled to accept them."

The commission chairman stressed that we cannot do without credits in any case and that they are granted on advantageous terms. Perhaps. However, something else is also obvious. The IMF is already involved in making our state budget. This circumstance is not really encouraging.

The conversation, following Viktor Ponedilko's speech, on how to elucidate the work of the Supreme Council in the mass media in the most objective way was heated. It is natural. It is not so easy to clarify positions.

Minister Critical of Budget Formation Procedure

AU0903183295 Kiev DEMOKRATYCHNA UKRAYINA in Ukrainian 7 Mar 95 p 1

[Report by Iryna Chemerys: "Budget-95: Arithmetically, Everything Is Fine, but Hardly Realistic"]

[FBIS Translated Text] Last week, the Cabinet of Ministers Presidium discussed the final version of the 1995 state budget. Let us recall that, in its initial form (4,500 trillion karbovantsi [K] expenditure, K1,547 trillion revenue, and almost K3,000 trillion deficit), it could not be an object for serious discussion, because the deficit almost equaled the volume of the gross domestic product. This time, as Finance Minister Petro Hermanchuk pointed out, the government Presidium considered and adopted a new variant of the state budget with the revenue amounting to K2,152 trillion and the expenditure part to K2,442 trillion. Therefore, a deficit amounting to K290 trillion is planned. It accounts for 6.4 percent of the gross domestic product and fully satisfies the IMF requirements. "It is not the size of the deficit that matters," Petro Hermanchuk is convinced, "but the sources of its liquidation." As is known, until now, there was just one such source—credits issued by Ukraine's National Bank. According to the finance minister, in 1995, we will not yet be able to do without these credits completely, but, for the first time, there will also be other sources—the government's securities and the external loan in the form of credits issued by international organizations. It is true, though, that there is yet another source for covering the deficit—an increase in the volume of production, but it is unlikely that, this year, the turbid waters of the aforementioned tiny source will become the water of life for our economy.

The planned budget deficit will be covered in the following way: K182 trillion, or 4 percent—credits issued by Ukraine's National Bank; K90 trillion, or 2.4 percent—external loans; and securities worth K7.5 trillion. According to Petro Hermanchuk, noncash state bonds will be in circulation as early as March at a rate not lower than that in the Savings Bank (annual 160 percent). However, at what rate should one estimate the prevailing lack of trust in state- issued securities? The thing is that, in the former USSR, conditions for the liquidation of any of their varieties were never fulfilled. It is not accidental that this year's state bonds will be issued for a not very large sum of money. Incidentally, a slightly larger sum from the state budget—K23 trillion—will go for the liquidation of the interest-free internal loan dating back to the times of the Soviet Union.

It is expected that, next week, the variant of the state budget, approved by the government and signed by the president, will be submitted for consideration by the

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parliament session. One hears assumptions that people's deputies, even if they do intervene into budgetary figures, will do so with exceptional precaution and will generally approve the proposed budget, despite certain doubts as to its realistic nature. Just remember that all our recent budgets turned out to be unrealistic....

However, one cannot help feeling concerned about the situation with the procedure for budget formation and the conflict, which is brewing in this connection between regions and central power bodies. In accordance with the recently adopted law on taxation of enterprises' profit and the legislative bill on income tax imposed on citizens (and adopted at first reading), these taxes will be paid to local budgets. However, in the opinion of the finance minister, this norm is not expedient. His stance is quite categorical:

"If we want to preserve our state, we must maintain the regulation of local budgets. It is presently impossible to form the budget out of budgets of rayon councils, because different councils have different financial possibilities. We propose that budgets be regulated through partial deduction of nationwide taxes. The stability of this system will not only guarantee us recognition on the part of foreign experts, but will also encourage both local and central power bodies to seek maximum profits for enterprises."

Even though, today, Petro Hermanchuk's position does not have many supporters, it may become more popular tomorrow or the day after tomorrow. As soon as this issue "surpasses" the financial level and acquires political shading, politicians will be compelled to heed the finance minister's prophesies. He is already warning that channeling the entire amount of income taxes into local budgets is a mistake that will lead to a spontaneous federalization of Ukraine. An explanation here is quite simple: This principle will be advantageous, first and foremost, for industrially developed regions where power is already affected by the decentralization virus. Incidentally, changes will, after all, have to be introduced to the law on taxation of enterprises' profits, despite the fact that it was adopted quite recently. For example, the law on budgetary system that was adopted at the first reading contains an article stipulating that 70 percent of the income taxes will remain in the local budget and 30 percent will be forwarded to the central budget. Already now, this norm is in contradiction with the law on taxation of enterprises' profit, but it is logical from the point of view of state interests. It is a different matter whether regions would readily give up those norms, which guaranteed their financial independence.

Many Commercial Banks Said in Financial Difficulty

LD0903172695 Kiev UNIAN in Ukrainian 1300 GMT 9 Mar 95

[FBIS Translated Text] Kiev—Some 105 out of 221 Ukrainian commercial banks are experiencing financial difficulties, Volodymyr Kravets, chief accountant of Ukraine's National Bank, told UNIAN in an exclusive interview on 9 March. According to Kravets, 24 banks finished 1994 in the red, 79 suffered losses of about 700 billion karbovantsi on credits to the bankrupt Aleks Bank [as received], and 58 lost on their loans to the missing Help company. Ten banks have announced bankruptcy, he said.

The chief accountant warned that the rising insolvency among small and medium-sized banks is accompanied by the deteriorating performance of some major banks, many of which are bound by large credit commitments to other banks. The National Bank recently held talks with creditor banks on reducing loan charges.

*Railroad Sector Problems Examined

954F1580A Kiev PRAVDA UKRAINY in Russian 23 Feb 95 p 2

[Interview with Leonid Zheleznyak, Ukrainian first deputy minister of Transport, general director of the Ukrainian State Railroad Transport Administration, by Aleksandr Maliyenko; date and place not given: "How They Run the Trains"]

[FBIS Translated Text] **As we know, the basic form of transport in our country is the railroad. It accounts for 40 percent of all transportation. If you exclude specific pipeline transport, this proportion is a good 75 percent. A few more figures. The overall extent of railroad lines in Ukraine is over 51,000 kilometers. Is this a lot for a country like ours? In order to make it clearer, we will give this comparison: Our republic, which occupies 3 percent of the total territory of the former Union, had at its disposal 15 percent of the extent of all the railroads of the Ministry of Railways. Some 1,949 electric locomotives, 4,200 diesel locomotives, 1,507 electric sections, 540 diesel-trains, 234,000 freight cars, and 10,000 passenger cars ply these mainlines. One can imagine how much capital is needed to keep such a tremendous service in good working condition, and how difficult it is to do this under the conditions of acute economic crisis. After all, transport was among the first to take the blow. Remember how, after the first wave of economic problems that rained down on independent Ukraine, you heard less and less often the noise of planes taking off at airports, the schedules for motorbus runs bristled with cross-outs, and the river fleet began to dump passenger transport as if it were ballast.... Only the railroad terminals and stations remained filled with people, only the railroads did not refuse passengers at that time. Moreover, it shouldered the journeys of those who were not leaving from the airports, bus terminals, or docks. This trend continued last year—10.3 percent more passengers were transported by rail than in 1993. The additional volume of transport, however, has not been an adequate source of incoming funds. Moreover, a paradoxical situation has formed: The more passengers use the services of the railroad, the greater the debt formed for the railroad workers. Our PRAVDA UKRAINY correspondent interviewed Leonid Zheleznyak, Ukrainian first**

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deputy minister of transport, general director of the Ukrainian State Railroad Transport Administration, about these problems.

[Maliyenko] Leonid Leonidovich, the prices for railroad tickets and freight transport, just as those for all other transport, by the way, have constantly risen in our country. Why has this not helped to improve the railroads' economic situation?

[Zheleznyak] Let us take a look at what, strictly speaking, goes into the cost of transport. Fuel and power resources account for over half of it. After all, train traction alone requires 1.5 million tonnes of diesel fuel and lubricants a year, as well as about 7 billion kilowatt-hours of electric power. For example, since 1990, the prices for energy carriers have risen by a factor of 240,000, but for railroad tickets—by only a factor of 60,000. As you can see, the main component of the transport cost has become several times more expensive than transport services themselves.

If you compare the various forms of transport, here too we are not leaders with respect to prices. For example, an air ticket from Kiev to Dnepropetrovsk costs 1.517 million, but a trip in a compartment car is 1 million cheaper. You can reach this center in a reserved-seat car for 298,000, which is almost half as much as the cost of this trip on a motorbus.

It should be noted here that, in contrast to other transport organizations, we have to spend a great deal to maintain the track service. This takes 450,000 tonnes of rails, 400,000 tonnes of metal and 500,000 cubic meters of wood a year. Many materials can only be purchased abroad, and at world prices. In particular, we now need to replace 11 million wooden ties. We have to pay an average of $18-$23 for each tie.

The total expenses, therefore, considerably exceed our revenues. Last year we had a loss of 3.2 trillion karbovantsy in suburban transport, and 801 billion for the rest. At the same time, we serve 48 categories of people with privileges. Every fifth one of those who use suburban transport has a privileged rate. We estimated that these privileges cost us 5 trillion karbovantsy last year.

[Maliyenko] It turns out that you have to work, as they say, at a loss on the passenger routes. What is the situation in freight transport?

[Zheleznyak] Last year freight transport gave us 1.7 trillion karbovantsy profit. This is not enough to compensate for the unprofitability of passenger transport. In addition, because of the continuing production slump, the volumes of freight delivered are decreasing. Last year the freight turnover dropped by another 18.7 percent.

[Maliyenko] Since railroad transport must operate in any case, however, the state cannot abandon your sector to the will of fate. The unprofitability will still be covered somehow. If not by direct subsidies, since the treasury is empty, then by an indirect method—through state supplies, let us say, of fuel.

[Zheleznyak] All this does not compare with the real expenses. For example, last year, we received only 2.6 percent of the required amount of fuel and lubricants from the state, and we got the rest from commercial structures. In January, we were not allotted a single tonne from a centralized source.

As for subsidies.... They recently actually allotted us 1 trillion karbovantsy from the state budget. We essentially did not see this money, though; they credited it to us to clear up debt.

[Maliyenko] The budget gave—the budget took away, but you have one less problem....

[Zheleznyak] That is not the way it is. The point is, the government decree specified that these funds be spent to purchase rolling stock and develop production. It turns out that they seemed to help us, and allot us money, but in reality, we could not purchase a single car. The problem of updating the fleet remains, in all its urgency.

I will give you a few facts and figures to confirm what I have said. In order to maintain the quantity of the passenger rolling stock, we have to obtain about 400 railcars a year. For the last three years and more, we have not bought more than 20 of them. Passenger transport, as I have already noted, has increased noticeably, and moreover, the running time for the trains has considerably increased on many routes, because of the borders and customs offices that have sprung up. This requires additional expenditures. Because of the shortage of spare parts, about 60,000 defective freight cars and 2,000 locomotives are lying idle.

Moreover, it is not only the rolling stock that gets out of order; some parts of the track do, as well. Because of the shortage of funds and materials to repair them, we were forced to shut down operation on 364 kilometers of rails last year, in order to replace ties and switch assemblies. Unless the situation changes, we will be forced to shut down over 1,000 more kilometers of track this year.

[Maliyenko] In your opinion, Leonid Leonidovich, what measures must be taken to prevent the collapse of railroad transport?

[Zheleznyak] I will single out two basic points. Expenditures to operate railroad transport should be fully reimbursed. In many countries of the world, incidentally, from 2 to 4 percent of the state budget goes to support it. In our situation, obviously, there is no way other than establishing the optimal tariffs for transport to balance expenditures and revenues.

Secondly. We must preserve the social base of the railroads. As it is, we have been forced to use the practice of cutting the work days and work week at our enterprises, and thousands of workers have to go on unpaid

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leave. If, as a privatized company, our trade, everyday living, medical, and child-care enterprises drag us under (these facts do exist), the social protection of the railroad workers will deteriorate dramatically. In that case, we will hardly manage to keep our skilled personnel.

It should be emphasized that it is not first and foremost the railroad workers themselves who need to have railroad transport preserved. This is a sector that would be impossible to restore in a year or two, or even several years. We simply cannot imagine any improvement in the economic situation without it. None of our industry will be able to get out of the blind alley in which it finds itself today without efficient railroad transport.

Senior Official: Collective Farms Likely To Remain

WS1003112495 Kiev INTELNEWS in English 2343 GMT 9 Mar 95

[Report by Svetlana Seliutina]

[FBIS Transcribed Text] Kiev, March 9—Ukraine's farms are likely to stay collectively owned for the foreseeable future, a senior government official said Thursday [9 March].

"Private land ownership will not affect agriculture," said Pavlo Haydutskiy, who heads the State Committee on Land Resources. "We predict that not more than 10 percent of the land will be owned privately. Most likely, the actual figure will be 2 to 3 percent."

In a few years, large collective farms will co-exist with individual farms, which will promote "efficient competition" in the agricultural sector, he said.

"In the near future, a hectare of land in Ukraine will cost $3,500 to 4,000. That corresponds to the average cost of land in other European countries," he said.

A decree issued by President Leonid Kuchma on Nov. 10, 1994, hopes to accelerate land reform by allowing private citizens to own up to 100 hectares of land.

"This law aims to establish social justice in land privatization," Haydutskiy said.

But land reform will be implemented primarily by means other than private ownership—including land sharing and rental through a new certificate scheme, he said.

Although the decree envisages the right to own land, state officials plan to keep farmland in collective possession, instead of transferring it to private ownership. He also said collective farms could be financed from the state budget.

"We are doing everything possible to keep agricultural structures—former collective and state farms—that work effectively," Haydutskiy said.

Official government statistics, however, appear to contradict assertions of the effectiveness of collectively owned agriculture.

According to the Statistics Ministry, private farms were more efficient last year than collective farms. Although private farms made up only 1.6 percent of the total land available for farming, they produced 40 percent of Ukraine's milk, 42 percent of its meat and 54 percent of its eggs.

Privatization Center Opens in Donetsk

954F1665A Donetsk DONBASS in Russian 3 Mar 95 p 1

[Article by Stanislav Tishchenko: "Certificate Auction Center in Donetsk; It Opened on 1 March, and It Invites Everyone Who Wants To Be a Property Owner"]

[FBIS Translated Text] The regular meeting of the Press Club was timed for an event in which literally all residents were vitally interested—the opening of the Donetsk regional certificate auction center. If it is explained more popularly, this center can be called the oblast house of privatization. In other words, we now, finally, have an exact address where it is possible to come to clear up any very complicated question concerning one's personal use of a property privatization certificate—the Ukrainian voucher—and at the same time, if it is not used yet, then to use it right here. In cutting the traditional ribbon, Vladimir Altynnik, the chief of the Regional Branch of the State Property Fund for Donetsk Oblast, announced to those assembled:

"Auction centers like the kind we have here in the Donbass [Donets coal fields] are being opened now in all of Ukraine. This is a decisive step so that the Ukrainian people would become a nation of property owners. It is an historic step."

Vladimir Malinovskiy, the director of the center, defined its task briefly and clearly:

"We understand that massive privatization is a very complicated matter. This is why we are now here, in order to help people and to look into the entire process, and to act practically."

Thus, starting on 1 March, the Donetsk regional certificate auction center began to work. At the first auction, 101 enterprises were offered, 25 of them in Donetsk Oblast, and the rest from other oblasts of Ukraine. Everyone who decides to exchange his certificate for shares of stock of these enterprises can come here and do this. Remember the address: Donetsk, 61 Artem Street. This is right next to the administration building of the Donetskugol PO [Production Association], in the premises of the Donetsk commodity exchange. The contact telephone number is (0622) 93-43-87.

The auction is not entirely common. It will not have a chairman with a wooden gavel. In general, all services

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are free. Within a month, i.e., until 1 April, there will be a collection of certificates, after which they will be sent to Kiev for processing. Then the results will be published, and investors, i.e., the depositors of certificates, will receive shares of stock of enterprises they selected.

That, in fact, is everything for a beginning. But we will add. As before, three more methods for using one's voucher remain: Invest it in one's own enterprise, exchange it for shares of stock in some kind of investment fund, or entrust it to a trust company to manage it in your behalf, with payment for the service.

All methods have both their advantages and drawbacks. There is a risk in each of them, and some kind of unforeseen circumstances could arise. The business is new, unexplored, and we have never "gone through" it. At a news conference held after the opening of the "Privatization House," which, we repeat, can be called an auction center, a lot of the kinds of nuances were cleared up that no one even suspected could arise. We will talk about them in separate articles. But here we will dwell on the question asked by the DONBASS newspaper. We formulated it this way: "Reports are coming to the editorial office that individual operators are buying up vouchers from people for cash at a price that is slightly higher than the value of the certificate. With what purpose is this being done, and how lawful are such actions?"

"We know about such shady transactions," answered V.N. Altynnik, "we know that some managers of enterprises are also buying up certificates from members of labor collectives for cash. No one gave them this kind of right. But the question is in something else. The owner of a voucher can dispose of it as he deems necessary. He can also sell it, if he needs the money. But, then, here is what happens. The certificate is nominal until it is exchanged for shares of stock. The one who buys certificates suffers a loss at first. On the other hand, later, after exchanging them for shares of stock, he will receive dividends; at the same time, the kind that not only will make up for losses, but that will also bring repeated incomes; moreover, if things go well for him, he will receive them continuously and for many years. Well, but he who sold will receive an immediate gain, and he can later blame himself and nobody else. A return back is impossible under any circumstances."

So that is what the difficult task with these vouchers is. Let us think about how to resolve it.

Agrarian Machine Producers Discuss 'Crisis'

WS0903135995 Kiev SILSKE ZHYTTYA in Ukrainian 4 Mar 95 p 2

[Report by S. Romanenko: "Has the Critical Situation Been Created Artificially?"]

[FBIS Translated Text] Most enterprises of the "Ukrsilhospmash" agricultural machine-building company found themselves in a very difficult situation at the end of 1994 and the beginning of 1995. Among them there are such giants as the "Sickle and Hammer" combine harvester plant in Ternopil and the "Red Star" production amalgamation in Kharkov. Four enterprises which prevented a production decline, were treated as heroes at a conference of managers of the company's plants. Those are in particular, the "Fermash" plant in Uman, the Haleshchyn machine plant, the "KTICM" experimental plant in Zaporizhzhya, and the experimental plant of engineering equipment in Odessa.

Unlike in previous years, talks at the conference were conducted in a businesslike and constructive atmosphere. The participants in the conference discussed, in particular, the need to clear mutual debts of the enterprises. A twofold (from 14 trillion to 6-8 trillion karbovantsi) decrease of the costs necessary to launch production at the industry's enterprises would be allowed. It was pointed out that there is a need to simplify the procedure for processing customs documents on supplies of components within the CIS; to introduce broadly the leasing of agriculture equipment and its sale on credit; to establish direct ties with the consumers of hardware and components; to freeze the repayment of loans for the period of agricultural operations; to initiate deliveries of agricultural equipment—primarily grain combine harvesters—from Russia in exchange for components supplied by Ukraine.

A number of participants unexpectedly stated that the crisis in agriculture and the agricultural machine-building sector has been created artificially, its goal being to destroy the economic and scientific potential of Ukraine and thus, eliminate a rival of the foreign producers of agricultural machines. Deputy Supreme Council Chairman Tkachenko participated in the conference and delivered a speech there.

Crimeans Polled on Economic Decline

954F1705A Simferopol KRYMSKAYA PRAVDA in Russian 7 Mar 95 p 1

[Article by N. Kiseleva, Sociology Laboratory of the Crimean Center for Humanitarian Studies: "You Are To Blame for Us Being Hungry—Report of the Crimean Center for Humanitarian Studies"]

[FBIS Translated Text] Along with change of economic formation come changes in value orientation. Whereas we used to be proud of being the country that reads the most, today I would dare to conjecture that we can be proud only of the fact that we are the most honest. Because, as used to be asserted in the olden days, honesty is often the reason behind poverty. They say that even in Albania, the average wage is double that which is earned in our "independent" entity. The question immediately arises: How many times more honest than the Albanians of the Balkan Peninsula can residents of the Crimean Peninsula consider themselves? And if you make a comparison with residents of the California or Florida peninsulas—we must be simply bursting with pride.

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Every phenomenon has its causes. Consequently, we are able to find the causes thanks to which we have become so poor and honest. Guided by this rule, personnel of the Crimean Center for Humanitarian Studies asked the residents of Crimea a traditional question over the course of 10 days (17-27 January 1995): "Who is to blame?"

Crimeans awarded first prize to the Democrats (23 percent of 1,832 persons surveyed). Rising to second place was the regional bureaucracy, standing at the helm and shedding crocodile tears over our empty pocketbooks—made not from crocodile skin, by a long shot. In this regard, the people of Simferopol, already more closely acquainted with republic officials by virtue of their registration documents, hold them guilty (25 percent) first and foremost. The honored third-place position went to the Communists, coddling to their ranks new parties, the new bourgeoisie, and new Russians. In Alushta, every other individual places the blame on members of our former one-and-only. Alushtans have apparently already forgotten how they were living just 10 years ago, but recall full well from whose ranks the current reformers come. The greatest percentage of Crimeans who see guilty parties among national separatists reside in Krasnogvardeyskiy Rayon (17 percent). While in Yalta—the Crimean center of international tourism—one out of every 10 accuses foreign special services. It should be noted that in contrast to journalists in the capital popularizing Sevastopol's new bourgeoisie, the residents of this city are more inclined than others to place the blame squarely on that bourgeoisie for the collapse of the economy (17 percent).

The survey question: "Who do you believe is to blame for the collapse of the economy of Ukraine and Crimea?" Responses: "Difficult to say"—26 percent; "Democrats"—23 percent; "Regional bureaucracy"—16 percent; "Communists"—12 percent; "The new bourgeoisie"—10 percent; "National separatists"—6 percent; "Others"—4 percent; "Foreign special services"—3 percent.

The dispersion of views in responses to the question "Who is to blame?" indicates in addition the fact that Crimeans have not found an answer to another traditional question: "What is to be done?".

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Belarus

President's Non-Meeting with NATO Discussed

LD0903160795 Moscow INTERFAX in English 1340 GMT 9 Mar 95

[FBIS Transcribed Text] MINSK, Mar 9 (Interfax-West)—A meeting between President Alyaksandr Lukashenka and NATO leaders failed to take place because the West has no arguments against Minsk's decision to suspend the scrapping of excess armaments as envisioned under the Treaty on Conventional Arms in Europe, Foreign Minister Uladzimir Syanko told Interfax's correspondent in Minsk.

On March 5-7 a delegation led by President Lukashenka was on an official visit in Brussels.

As Syanko said, the program for Lukashenka's stay in Belgium did not provide for such a meeting, but consultations in Brussels gave the Belarusian delegation reasons to believe that it will have talks at NATO headquarters.

During Lukashenka's talks with King Albert II, other Belgian leaders and European Union officials, the problem of scrapping conventional arms was discussed and they got a clear idea of Belarus's stand on that issue, Senko pointed out.

President Lukashenka outlined its essence also in his interview with local journalists: his country has no money for the costly scrapping of excessive tanks, planes and armored vehicles; moreover, Minsk is concerned over the prospects for expanding NATO with East European countries.

Belarus has repeatedly pointed to the need to create an international fund to provide money for the implementation of the treaty on conventional arms, Lukashenka stressed. However that idea met with no response in the West. In the face of great economic difficulties, when 20 percent of its revenues have to be spent on coping with the consequences of the accident at the Chernobyl nuclear power plant, Belarus is not in a position to continue scrapping arms without additional funding.

"As for NATO's plans to draw close to Belarus's frontier, our concern over this can be logically explained.

"Belarus is obviously one of the most peaceful nations in Europe. We gave up nuclear arms voluntarily. But we cannot fail to take into account the fact that our Western frontier is becoming a border with a politico-military bloc," Lukashenka said.

During his trip he signed agreements on partnership and cooperation with the European Union among other documents.

Deputy Premier on EU Plans To Provide $76 Million Loan

LD0903211495 Moscow INTERFAX in English 1928 GMT 9 Mar 95

[FBIS Transcribed Text] MINSK, Mar 9 (FIA-Interfax)—The European Union is planning to offer Belarus a $76 million loan for advancing the economy, Belarusian Deputy Prime Minister Mikhail Myasnikovich told Interfax's Financial Information Agency Thursday [9 March].

He said the sum was approved by the council of finance ministers of EU countries but must be backed by the European parliament. According to the official, the loan would be aimed at promoting macroeconomic reforms and stabilizing the national currency.

The prime minister stressed that EU financial support for Belarus is actually predetermined, but the country will be able to get the loan only after the second $98 million portion of the IMF standby loan.

The first tranche of the standby loan was given to Minsk in July 1993 for 10 years at 5.67% interest. The money was spent mainly on fuel and energy imports from Russia. The second part of the loan is expected to be offered at similar terms to eliminate the deficit in the balance of payments. The IMF leadership has been putting off the final decision on the second tranche on the grounds that it should get Japan's confirmation of participation in the loan.

Government 'Does Not Intend' To Cancel Export VAT

WS1003105395 Minsk BELAPAN in English 0817 GMT 10 Mar 95

[FBIS Transcribed Text] Prime Minister Mikhail Chyhir defined the decision of the parliament to abolish the value added tax [VAT] on goods exported abroad and primarily to Russia as an ill-considered meddling into the budget policy. "I think the passing of this decision was thoroughly planned by certain forces and splendidly put into practice with the complete connivance of the majority of the MP corps who voted for it in their delusion", Mr Chyhir said. The Belarusian premier declared that the releasing of goods exported to Russia alone from VAT will deprive the republican budget of 1,382 billion rubels. One should also take into account the losses of local budgets and the losses that may be incurred owing to the fact that "Russian firms and those Belarusian but registered in Russia will be able to purchase our material resources without hindrance at a price lower than the real one by the volume of VAT and sell them on the territory of the Republic". In Mr. Chyhir's opinion, it will be impossible to control this process which in the end resulted in the appearance of a "super business". Thus the budget will also lose resources from VAT on the home market. "The government does not intend to execute the decision of the Supreme Soviet. Hoping for the common sense of the MPs", he asked the parliament to revert to the subject. To make his words more convincing Mikhail Chyhir declared that he had enlisted the support of the President who did not want to leave "the torpedoing of the budget unattended".

Commenting on the statement of the prime minister the minister of finance Pavel Dzik pointed out that during

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the period when the "budget is stretched to the last drop of its strength for the financing of the sowing campaign and the raising of wages, the Supreme Soviet's decision leads to the frustration of the budget". So, proceeding from the Law of the Republic of Belarus "On Budget System", at present not only the reduction of expenditure but also the compensation for losses in the expenditures of local budgets from the republican budget needs to be considered. "If the parliament does not review its decision, the raising of wages announced for March 1 may not take place," Mr Dzik warned.

Bank Chairman: Monthly Interest Rates Make Ruble Stable

LD0903211395 Minsk Radio Minsk Network in Belarusian 1700 GMT 9 Mar 95

[Report on news conference by Stanislaw Bagdankevich, chairman of the National Bank of Belarus, by Aleg Mikhaylevich from the National Press Center in Minsk on 9 March—recorded]

[FBIS Translated Text] [Mikhaylevich] Stanislaw Bagdankevich, chairman of the board of the National Bank of the republic, came to meet the journalists. He drew our attention to the fact that the exchange rate of the national currency to the U.S. dollar has been stable for two months and has even become stronger in relation to the Russian ruble. The chief banker of the republic outlined the factors that positively influenced the situation.

[Bagdankevich] A whole program of [word indistinct] measures has been developed and implemented. Much of the emphasis concerned the financial and credit policy. The program included the recognition of the Belarusian ruble as the single legal payment tender in Belarus, the tightening of the budget and financial and credit policy, and the complete mutual understanding in the sphere of monitary policies between the Cabinet of Ministers and the National Bank. If we mention specific [word indistinct] in the past two months, January and February of this year, the indebtedness of the government and commercial banks on the loans of the Central Bank reduced by 45 billion rubles. What caused it? The new deposit policy.

In October we ruled that we were switching to monthly interest rates. We defined mainly the direction of the financial and credit policy. We specified then that interest rates would change monthly. We do not lie to people. We announced that we would change them monthly: that there is no such concept as an annual rate any more; there is a monthly rate. We specified that the rates would be based first on the level of inflation with account of fluctuation of the exchange rate. Why should we take into consideration the fluctuations of the exchange rate? Because if the rate is stable, it would be profitable for any saver to hold savings in the national currency. If one deposits a million, a month later there will be 1.18 million. The rate is stable, the pure profit is 180,000. Due to the fact that we began indexation of the [word indistinct] rate on deposits of both individuals and enterprises, savings in money of enterprises and individuals began to grow. Savers are not in spending money right away. We have witnessed a certain slowing down of the turn-over of a monetary unit. That is one factor and the other is the stabilisation of the money mass. Therefore, the stabilization of the exchange rate is due to the new deposit and credit policy, a tight credit emission, that is, the switching of the printing press, a certain activization of foreign trade, and a certain increase of hard currency recepts.

[Mikhaylevich] What rate of the Belarusian ruble is forecast? [Words indistinct] as Stanislaw Bagdankevich stressed, things are not as simple as that. The reserves and the help of international financial organizations today allow the republic to ensure high [words indistinct] which the economy and the foreign trade of the republic unfortunately do not allow.

[Bagdankevich] We should fight inflation. We should overcome it; we should overcome production costs and revitalize economic relations. If we manage to cut overhead costs per produced item, costs of energy used to produce goods; if we manage to cut the amount of materials used to produce goods; and if we manage to raise productivity of labor, we will then overcome inflation and [word indistinct] will work to the benefit.

*1994 Economic Performance Summarized

954K0503A Minsk ZVYAZDA in Belarusian 31 Jan 95 pp 1-3

[Unsigned article under the rubric "Behind the Figures of the State Statistical Committee": "Some Progress Has Been Made, But It Doesn't Change Much in the Economic Situation as a Whole. The Most General Results of the Republic's Socioeconomic Development in 1994"]

[FBIS Translated Text] The gross domestic product (GDP), which is characterized as the value of goods and services produced by all sectors of the economy and intended for end consumption, savings, and net exports, came to 20.3 trillion rubles in the year—a 20 percent drop from 1993 (in comparable prices). Moreover, while the volume fell by 26 percent from January through August, it fell by 9 percent from September through December.

Prices and wages, personal income and expenditures. The consumer price index for goods and services rose 23.2-fold in 1994 over 1993. Last year prices rose by an average of 28.7 percent per month (versus 28.9 percent in 1993).

In December, consumer prices on goods and services rose by 31.3 percent (versus 40.5 percent in November and 25.7 percent in October), including 33 percent for food, 25.7 percent on nonfood items, and 31.2 percent on services.

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Personal income rose 19.7-fold in 1994 over 1993 (prices rose 23.2-fold), adding up to 12 trillion rubles; at the same time, real income (income adjusted for the consumer price index) fell by 15 percent.

Wages and salaries of workers, employees, and kolkhozniks made up 52.5 percent of all earnings. Average monthly nominal wages and salaries rose 15.8-fold over 1993. Real wages and salaries came to 68 percent of the monthly average in 1993. According to estimated figures, in December average wages and salaries were 274,000 rubles.

The State Statistical Committee reports that of the total amount of personal earnings (12 trillion rubles), 2.91 trillion consisted of officially unregistered entrepreneurial and other activity. This makes up 24.3 percent of all income and almost half of the republic wage fund.

The total goods and services sold, in comparable prices, was 14 percent below 1993.

Production, finance. The year's total industrial output in actual prices came to 32 trillion rubles. In comparable prices it fell by 19.3 percent of the 1993 level. Moreover, it dropped by 27.3 percent from January through August, 4.3 percent from September through December, and in December industrial output exceeded December 1993's level by 8.8 percent (an 8.5-percent rise over the previous month, November).

At the same time, industry is still having difficulty in product sales and replenishment of working capital. Work time losses in the year came to 24,919,000 man days, a 1.5-fold rise over 1993 and 6.3 percent of the total calendar work time. Some 40 percent of the losses were due to lack of raw materials, supplies, and parts; 21.3 percent related to marketing difficulties; and 32.6 percent related to the shortage of funds to acquire supplies. Most of the losses were incurred in the machine building, metal working, chemical, and petrochemical industries.

Gross agricultural output, according to preliminary estimates, came to 5.696 trillion rubles, a drop of 14 percent from 1993, including a 23-percent drop in crop production and 6 percent in livestock production.

Consumer goods production fell by 16 percent, including 12.9 percent for food products and 20.3 percent for nonfood items.

Fuel and energy consumption in 1994 fell by 11.6 percent from 1993 (while the GDP fell by 20 percent). Domestic sources contributed 13 percent of the republic's needs. Electricity use fell by 10.6 percent.

Enterprises and organizations of all forms of ownership completed 48,700 apartments in 1994, totaling 3.262 million square meters (85 percent of the 1993 level).

As of 1 January, more than 21,000 production and nonproduction projects remained uncompleted (versus 27,000 on 1 January 1994); 1,800 projects were temporarily halted or mothballed.

In the first 11 months, economic sectors' profitability was 13.8 percent, including 15.7 percent in industry and 33.4 percent in agriculture. Debts owed by enterprises and organizations for goods and services received, and so on, stood at 19.4 trillion rubles as of 1 December, approaching the annual GDP (20.3 trillion). Moreover, nonpayment for energy as of 1 December added up to 8.3 trillion, 42.8 percent of the total credit indebtedness. Enterprises' and organizations' solvency as of the same date amounted to only 7.4 percent of all credit indebtedness. Accounts receivable as of 1 December came to 15.2 trillion rubles. Our enterprises' excess indebtedness to economic subjects of the CIS countries and the Baltics ran to 3.1 trillion rubles.

As of 1 December, credit investments in the economy totaled three trillion rubles, a 13-fold rise from the beginning of the year. Currency issues in 1994 rose 13.3-fold.

Foreign economic relations. By preliminary estimates, the republic's foreign economic turnover with the near and far abroad in 1994 totaled around 18.6 trillion Belarusian rubles (5.1 billion U.S. dollars at the weighted-average exchange rate in the year). Turnover with the CIS countries came to 12.1 trillion (3.3 billion dollars), or 65.1 percent of all foreign trade. The foreign trade balance was negative in the amount of 25 billion rubles (6.8 million dollars); with the CIS countries it was negative in the amount of 1.3418 trillion (364.4 million dollars); with the countries of the far abroad it was positive in the amount of 1.3168 trillion (357.6 million dollars).

Among countries of the far abroad, Germany held the largest share of foreign trade. Within the CIS, economic relations worsened with Central Asia and Kazakhstan.

On progress in the Program of Urgent Measures To Solve the Economic Crisis. The program called for reducing the decline in industrial production to 5 to 6 percent from September through December; in fact it dropped by 4.3 percent. The drop in the Belarusian ruble's exchange rate versus the dollar in the month before year's end was supposed to be 9 percent; in fact it was 28 percent. Measures to equalize the trade balance called for an excess of imports over exports in the amount of 12 percent of GDP; in fact, according to the year's results, the deficit was 0.1 percent of GDP. The program called for keeping inflation at 10 percent in the final month; in fact it was 31.3 percent.

According to preliminary estimates, as of 1 January 1995 the **population** stood at 10.346 million, a drop of 21,000 or 0.2 percent in the year.

At the end of December, the official number of unemployed stood at 101,200—2.1 percent of the economically active population.

A total of 120,300 crimes were registered in 1994—16 percent more than 1993.

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Deputy Criticizes Lukashenka Policies

WS1003094595 Minsk ZVYAZDA in Belarusian 7 Mar 95 p 2

[Interview with Yawhen Hlushkevich, Belarusian Supreme Soviet deputy and head of the inspection department at the Revision Chamber of the Vitebsk Oblast Council, by INTERFAX correspondent Syarhey Zayats; place and date not given: "Allowing Confrontation Would Equal Putting the Country's Future in Question"]

[FBIS Translated Text] [Zayats] **Statements by Belarusian President Lukashenka about the readiness of Belarus to step down the path of military cooperation with Russia and the suspension of fulfilling its commitments regarding the Conventional Armed Forces in Europe Treaty [CFE] raucously echoed throughout the world. Being a Supreme Soviet deputy, what do you think about such statements?**

[Hlushkevich] I believe that such statements by Alyaksandr Ryhoravich [Lukashenka] run counter to the Belarusian Constitution, which says that Belarus is proceeding down the path of building a neutral state. Similar statements by the president prompted some deputies to turn to the Prosecutor's Office and the Constitutional Court for a legal assessment. The Supreme Soviet is not going to stand aside, either. It will give the president's declarations a political assessment. However, I can only present my personal opinion until the parliamentary hearings take place. I view the state head's declaration about suspending the fulfillment of CFE commitments as a tactical mistake in his foreign policy, which he may already have started to regret by now.

Unpredictable statements by some representatives of the Belarusian leadership, changing the country's course from neutrality to joining military blocs, may result in unpredictability of the attitude of the world community toward Belarus. For example, the president's statements that Belarus is ready to assist Tajikistan, now in a state of war, in creating its own Armed Forces may trigger at least bewilderment on the part of neighboring countries.

[Zayats] **At its plenary meetings, the parliament is intending to not only give a political assessment to some of Lukashenka's declarations, but also to examine the possibility of ratification of the Belarusian-Russian Treaty on Friendship and Cooperation and agreements on creating a single customs union and letting Russia use two military facilities stationed on Belarusian territory...**

[Hlushkevich] These documents should be examined and ratified as soon as possible. But so far, they are, unfortunately, not ready to be ratified by the parliament. The deputies have no results of serious political, economic, and ecological analyses regarding each of the above documents. Legislators did not have enough time to conduct such works. The contents of the Belarusian-Russian agreements were communicated to them after those documents had been signed by the leaders of the two countries. In my opinion, this is a shining example of how much the president cares about the opinion of the Republic's supreme legislative body. The treaty and the agreements must not be examined without results of their analysis in hand.

Reading these documents raises more than a few questions. For example, what is the Treaty on Joint Efforts To Protect the Belarusian State Border, defining the term "Belarusian border" as the border with Lithuania, Latvia, and Poland, worth? At the same time, this term does not take into consideration the presence of common borders with Russia and Ukraine, even though at the Belarusian-Russian crossing-point in Orsha, the line of cars waiting for clearance is the longest. Mass media reported that it is four kilometers long! A sovereign state should have full-fledged, not cardboard, boundaries. With the above documents worded that way, statements by the neighboring country's leader, who said that Russia is not out to engulf Belarus, sound very implausible.

I hope that the signing of the bilateral Treaty on Friendship and Cooperation between our countries was simply thrust upon us in connection with developments in Chechnya. The idea was to use the example of Belarus, striving for integration with Russia, to divert public opinion from what is going on in the Caucasus, and to cool down separatist sentiments in Chechnya.

[Zayats] **The Belarusian president voiced his readiness to hold a nationwide referendum in Belarus on Belarusian-Russian bilingualism and national symbols. What do you think about that?**

[Hlushkevich] I guess the president has enough aides to convince him that his intentions are erroneous. Such a referendum will do nothing but deeply polarize society and divide it along political lines. The "linguistic" borderline dividing our people will only aggravate political strains, which may lead to unpredictable consequences. The president, as a possible initiator of the referendum, should realize that.

I regard this referendum not as an attempt to find the truth, but as political gamesmanship. The reason for the widespread discontent among the people, in case the popular vote is conducted, will certainly not be the language issue or flag colors, but political games.

To me, the readiness of some deputies to initiate a referendum on confidence in the president is a political game, too. The standoff between Lukashenka's friends and foes can only plunge the power into crisis and divide people, which will not strengthen the authority of the Republic and its leadership. I believe that instead of raising discussions around the president, we should undertake measures to make all branches of power work efficiently within the legal field defined by the Constitution.

[Zayats] **How successful do you think the process of creating the "president's vertical chain of power" is?**

[Hlushkevich] The crucial task now is to preserve the state's manageability; and at the same time, creation of the "vertical chain" should not be done for its own sake.

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It should be accompanied by economic reform, which, no doubt, will be more successful if the state's steering wheel is taken by experienced leaders with an impeccable reputation.

According to assurances by the state leader, people whom he pinpointed as his representatives in the hinterland are exactly of that ilk. But having first-hand knowledge of the situation, I want to state that wishes and reality do not always coincide. In some cases, friendly relations were the main criterion for appointing "vertical" and other heads of oblast and rayon bodies. This is why I cannot say that the president's personnel sieve worked well. There is no doubt that the wheat was not always sorted from the chaff.

I am not sure about Minsk, but in the heartland (let me cite the example of Vitsebsk Oblast), many of those common people, who cast their ballots for President Lukashenka hoping that he would call many arrogant officials to order, are disappointed. In most cases, the "president's vertical power chain" was manned by bureaucrats who had been in power before.

People demanded that 70 percent of rayon heads in Vitsebsk Oblast be removed from their positions. In people's opinion, 30 percent of the new "vertical" officials are no different from the old leaders. Moreover, according to the electorate's reports from the regions, after they snapped out of confusion caused by Lukashenka's election as president, the bureaucrats got their second wind and raised their heads, persecuting even more fiercely those who demanded their punishment for mismanagement and abuses. And all of this is happening out in the open! This is what people write in their letters to Alyaksandr Ryhoravich and the Supreme Soviet.

Here is a recent fact reported from Scislavskiy rayon in Hrodno Oblast. Against any common sense, a man was appointed head of the rayon who has long been denounced by Supreme Soviet Deputy A. Kuzma as a discredited chairman of the collective farm in the numerous documents he filed to all power institutions. NARODNAYA GAZETA did a comprehensive report on this issue. And this is only one of a range of similar cases. Nothing will ever change in our society with this kind of approach to the personnel of the "presidential vertical power chain." Life will only become tougher. People may lose hope for any efficient power. Is there anyone who actually believes that Russia will help us mend our economy? They have nothing with which to pay wages to their coal miners. You should have no illusions about that.

[Zayats] **The next elections to the Supreme Soviet are around the corner. Political tensions are beginning to run high. What do you think about this state of the country's political life?**

[Hlushkevich] As a representative of the hinterland, I am ready to declare that preelectoral alliances of political forces and their breakups are nothing more than political brouhaha confined to the country's capital. In the regions, the situation is different. It would be difficult to predict today in whose favor popular preferences will tilt during the elections. I think, however, that at least half the seats of the new parliament will be won by democratically-oriented deputies.

Elections are an important stage in both the political and economic life of Belarus. I heard much about intrigues being plotted on the eve of the elections. This is why I share the concerns and anxiety of many people who worry that various provocations are possible at the present time. But I hope that the electorate will not prove as gullible as last time. Instead of populists and windbags, they will give their votes to state-oriented people.

Last year proved that without fresh forces, the country's leadership will not cope with declining standards of living or crime pervading the entire country. With the election of a new parliament, the negative processes at all power levels should stop. A new lineup of the Supreme Soviet will be up to this task. In my opinion, it will have to immediately attend to drafting laws allowing law enforcement agencies and the presidential power to install order in the country. Sociologists predict that the core of the prospective Supreme Soviet composition will be represented by 30 percent of the deputies of the present parliament, which will go down in history as a transition period parliament. People consider these deputies as honest individuals who care for Belarus. Besides, the vast experience they acquired over the five years of legislative work will only benefit a new legislative power.

Hard times are awaiting our Republic. Although, it is no longer possible to avoid them, their burden could be eased. Much will depend on the new parliament and its balanced relationship with the president. Everyone should understand this. Allowing confrontation would equal putting the country's future in question.

Paznyak Warns Against 'Illegal Actions' by Authorities

WS1003105295 Minsk BELAPAN in English 0817 GMT 10 Mar 95

[FBIS Transcribed Text] "The political situation in the country is not favourable for those in power owing to the complete collapse of their economic, social policy and the state policy in general", the chairman of the Belarusian Popular Front Zyanon Paznyak declared at his last press conference. According to him, the feeling that they have no future makes representatives of power organs, especially those who came to power on the wave of populism and do not consider themselves responsible for

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the state, frantically look for opportunities to change the preelection situation. For the present these attempts have not yet assumed the form of decisive actions, but a certain pressure upon democratic forces and some individuals is to be observed. "In our preelection struggle we take into consideration the fact that the authorities will use not only the misinformation of the electorate through the monopolized mass media, but also direct illegal actions", Mr Paznyak said. According to him, the people currently in power are notable for the most loose attitude towards the laws and sometimes even the Constitution. As for the possible version of the subsequent development of the executive power-the present parliament relations, the opposition leader pointed out that the Constitution does not stipulate the dissolution of the Supreme Soviet. Though not ruling out the possibility of the dispersal of parliament by using force, Mr. Paznyak declared that this is not very likely because "there is no necessity".

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Kazakhstan

Tokayev on Relations With U.S., Other States

LD1003113395 Almaty PANORAMA in Russian 4 Mar 95 p 6

[FBIS Translated Excerpt] The sociopolitical television program "Number Four, Republican Square" [Ploshchad Respubliki, 4], which gives viewers an opportunity to put virtually any question to leading political figures and government leaders in the republic, is shown every Tuesday on the Kazakhstan-1 channel.

But since airtime is limited, many questions remain unanswered. The television program's editors and PANORAMA have come to an agreement that subsequent answers to these will be published in the newspaper. The press services of the departments whose heads took part in the program usually prepare these answers.

On 7 February Qasymzhomart Tokayev, the minister of foreign affairs of the Republic of Kazakhstan, took part in the program, "Number Four, Republican Square" as follows:

[Savin] Do you really believe that the United States is going to talk to Kazakhstan on equal terms, as it used to talk to the USSR?

[Tokayev] I think that putting the question like that confuses different conceptual categories. The era in which the USSR existed presupposed a division of the world into two opposing ideological and political systems. This opposition was naturally embodied above all by the struggle between and mutual deterrance of the two powers, the USSR and the United States. With the collapse of the USSR the world has become multipolar. The clear understanding which everyone in the world has that they are interdependent for their nations' security and welfare, and the aspiration to build interstate relations on an open, democratic and mutually beneficial basis have become a reality of the new era.

Such is the current Kazakh-American partnership, too. Of course, the United States is still a powerful state which carries considerable political weight. From the very beginning, however, Kazakhstan has constructed its relations with the United States as an independent state with its own foreign policy, proceeding from the principles of equality and balance of mutual interests.

There are quite a lot of examples of such cooperation between the two countries. Thanks to it, our country has established a relationship of democratic partnership with the United States, and has gained reliable security guarantees which were set down in a memorandum during the summit of the Conference on Security and Cooperation in Europe in Budapest on 5 December last year.

The dialogue with the United States has become a permanent one, and I became convinced of this in January 1995 during my visit to Washington. The great importance that is being attached to Prime Minister Akezhan Qazhegeldin's forthcoming visit is evidence of the United States's interest in accelerating our relations.

[Correspondent] A viewer, Kabulov, asks how you assess the military invasion of Chechnya? To what extent will it reinforce Russia's authority?

[Tokayev] The assessment of this invasion is unambiguous (it was set out earlier in a statement made by the Ministry of Foreign Affairs of Kazakhstan). Nobody has any doubt that Chechnya is part of Russia. But we do not share in or support the choice to use force as a method of resolving the problem, which has resulted in a large number of civilian victims.

[Correspondent] A viewer, Kozhakhmetov, is interested in whether the Chechen events affect the foreign policy of the Republic of Kazakhstan toward Russia.

[Tokayev] No. Kazakhstan's foreign policy toward Russia remains unchanged and, as you know, is based both on the close economic relationship between the two states and on the historical closeness which condemns us, in a good sense, to good neighborliness and cooperation. The declaration on expanding and deepening Kazakh-Russian cooperation which was signed during Kazakh President Nazarbayev's visit to Moscow at the beginning of this year is confirmation of this.

[Pensioner] There are people who are in need in every respect, and who have nothing to eat, yet you are talking about politics!

[Tokayev] For us diplomats, politics is day-to-day work. But this does not consist of mere talk, as you apparently think, but of formulating an accurately focused policy for our state in the international arena, a policy which is in fact an organic continuation of Kazakhstan's domestic policy. In other words, the foreign policy choices made by our republic are ultimately of a pragmatic, economical nature. And assisting the progress of reforms and bolstering the economy also mean helping the country to rapidly overcome its crisis and solve all the social problems.

[Correspondent] Mr. Ivanov asks whether there has not been a slight chill in diplomatic relations with the United States as the result of the deteriorating partnership with Chevron.

[Tokayev] There are no grounds to talk about a deterioration in relations of any kind between our countries, just as there are no grounds for asserting that there are barriers to cooperation with Chevron. By the way, the American company's vice-president, Richard Matzke, recently denied such rumors in the press.

We continue to believe that the investment climate in Kazakhstan is one of the most favorable among the former Soviet republics, Matzke said. It is Kazakhstan, not Russia or Azerbaijan, that has received the major part of Chevron's investments in the former Soviet

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Union. If any questions do arise here, as is usual, they will be resolved in a practical manner.

[Correspondent] Does it not seem to you that the increased U.S. interest in Kazakhstan is due to the presence of the Russian population? Isn't it a good gesture aimed at Yeltsin's administration and generosity toward a Kremlin satellite? (A. Bakaliyev, New Generation)

[Tokayev] First I will express my disagreement with the use of the concept - satellite. I think it has been borrowed from the vocabulary (no offense to the questioner) of the so-called period of stagnation when in the inviolable Soviet Union people were divided into seniors and juniors and the country itself was divided into the Kremlin and its surroundings.

And now for the question. It [the U.S. interest] does not seem to me and is not, because as I mentioned in the answer to the very first question, Kazakhstan is building its relations with its transoceanic partner on a mutually advantageous basis. [as published]

[Correspondent] The unification of the armies of the two countries. Is it possible to unite our army with Russia's army which is killing its own citizens? Doesn't the same situation threaten us? Not a single country is threatening Kazakhstan, so there is no need for such a unification. Right?

[Tokayev] The procedure planned for the unification of the Kazakh and Russian armed forces does not mean the merging of the armies of the two countries but just joint military planning of exercises and cooperation from the point of view of material supplies to military sub-units. I stress that we have in view the armed forces of Kazakhstan which need permanent supplies of types of weapons that are not produced in the republic. And finally our army is not going to threaten anybody. That would contradict its defense doctrine.

[Correspondent] What is the influence of Russia's fifth column on the politics of Kazakhstan?

[Tokayev] I have no evidence of such an influence (moreover on the country's politics). Apart from that I think the question is wrong. [passage omitted]

[Correspondent] What is your attitude toward the army and our relations with China?

[Tokayev] The army is the defender of the fatherland. So my attitude toward it, naturally, is very respectful. As regards our relations with the People's Republic of China then, a sufficiently stable legal base has been created for mutual, multi-faceted cooperation with our great neighbor. China occupies a special place in our foreign policy as a country which in the next century will define the course of the world's economic development and will be able to take its place among the leading world powers. The Kazakh-Chinese joint declaration signed in October 1993, which clarified security issues between our two countries is of a great importance for the future of our republic as an independent state. Another step toward establishing good-neighborly relations was the signing of the agreement in Almaty in April 1994 on fixing the border between Kazakhstan and China.

The recent statement by the Chinese Government on giving a security guarantee to Kazakhstan is a sign of friendly aspirations in relations between the two countries.

[Isberegov] What is your attitude to Kazakhstan's nuclear weapons?

[Tokayev] Life has show with all clarity the correctness of the tactics chosen by Kazakhstan: Though possessing nuclear weapons, Kazakhstan voluntarily rejected them by proclaiming itself a nuclear-free state. These steps were organically supplemented by the efforts of the head of our country, who has consistently implemented his policy regarding the nuclear powers in order to receive the corresponding security guarantees from them. And, as is known, Kazakhstan has received them. [passage omitted]

[Correspondent] There are rumors that refugees from Chechnya are coming to Kazakhstan. Are we able to accept them?

[Tokayev] There are all sorts of rumors. As regards migration from former-Soviet republics (such problems arose before, for example, the refugees from Tajikistan) Kazakhstan is ready to resolve it in accordance with the norms of international law.

[Correspondent] Will Kazakhstan join NATO in the near future? (the Koyshibayev family)?

[Tokayev] No, it will not. Although Kazakhstan's obligations under Partnership for Peace program are still completely valid. In the near future NATO will implement an individual cooperation plan with Kazakhstan.

Kazakh, Russian Defense Committees Sign Accord

LD1003114295 Almaty Kazakh Radio Network in Russian 0700 GMT 10 Mar 95

[FBIS Translated Text] After negotiations in Moscow between the Kazakh and Russian defense industry committees, an agreement has been reached on economic, scientific, and technological cooperation. A document was also signed on cooperation in the sphere of providing material and technical resources, the production of equipment for state needs, and targeted programs.

(Kadyr Bayekenov), chairman of the Kazakh government committee for the defense industry, told a KAZTAG correspondent that the two sides have undertaken to pursue agreed policies in such areas as standardization, metrology, and certification, and to maintain the existing procedures for providing enterprises with standard technical and design documentation and technological know-how. Assistance will be rendered to independently functioning economic entities in our industries to

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support their export policies, in order to preserve and further develop scientific and technological cooperation, inter-state cooperative societies, and the mutually advantageous settlement system used for exporting products to third countries.

The Kazkontrakt joint-stock company and Oboronresurs [defense resources], a state-owned enterprise, have been set the task of ensuring that enterprises in Kazakhstan and Russia provide each other with mutual supplies, material resources, and components.

(Kadyr Bayekenov) said it is advisable to create an inter-state organizational structure for ensuring mutual supplies, material and technical resources, the production of goods for state needs, and targeted programs with the participation of the Kazkontrakt joint-stock company and the Oboronresurs state-owned enterprise, as well as with other CIS countries if they so desire.

Foreign Companies Agree on Karachaganak Gas Deposit

LD1003093395 Almaty SOVETY KAZAKHSTANA in Russian 7 Mar 95 p 1

[FBIS Translated Text] On 2 March, the republic's government, the oil companies Agip (Italy), British Gas (Great Britain), the Russian joint-stock company Gazprom, and the holding company Kazakhgaz signed an agreement on the principles of dividing the exploitation and other relevant documents on the Karachaganak oil and gas condensate deposit, the largest in the world. At the same time, it was announced that the parties will immediately start practical work at the abandoned wells.

But there is a saying: touch wood. Several years ago, the Kazakh people were looking forward to big changes when this deposit fell into the hands of Agip and British Gas as a result of tender. Because the wells there were in working order it was hoped that there would be a sharp increase in the extraction of oil and gas and therefore additional revenue for the state budget.

But time passed, the volume of extraction fell, the equipment wore out and grew old and its new owners were not in a hurry to replace it and not allotting any real funds to develop the deposit. Kazakhstan was incurring major losses because seam pressure without the cycling process (the pumping back inside of dry gas separated from the condensate) was being exhausted, which could have resulted in great losses of the liquid part of the underground stores.

So what was the cause of the delay in the departure of the Karachaganak special train? The reason was not only that there was no "green light" on the route but the absence of the route itself. And there was not even an approximate indication of the route along which the transportation of the future products would start. Of course it is more profitable to transport them to western Europe via Russia, which is a stone's throw from Karachaganak, then through other countries. But there was the problem: The Russian Gazprom, which had previously worked on the construction and maintenance of the deposit, was excluded from the game. Like it or not, they had to be offered a share. But how? All the shares had already been divided between Kazakhstan, Agip, and British Gas. So new exhausting negotiations took place.

Now the talks are behind us; the Russian Gazprom, offended at first, has now become a full participant in the agreement; and things have started. At the press conference, which took place after the signing of the documents, the parties above all explained the crux of the agreement on dividing the profits between themselves. Of the total revenues, 85 percent will belong to Kazakhstan and the other 15 percent will be divided between the investors. If one takes into account that revenues over the next 40 years are put at $40 billion, then our republic will get more than 30 billion. That is several wagons of hard currency.

"Won't the calculations be upset by the fact that due to the wells staying idle for so long, Kazakhstan may loose major resources of liquid hydrocarbons?" I asked the participants in the agreement. "Do the parties intend to immediately start pumping dry gas inside?"

"The technology for pumping in dry gas, which certain scientists suggest, is not quite correct", Ruslan Balgimbayev, the minister of the oil and gas industry, said. "There is gas inside the seams already. But if the question is about the exhaustion of seam pressure, then the participants in the agreement will work out their own technological scheme to prevent this. No losses of liquid hydrocarbons will be allowed."

The minister assured us that we expect considerable gains instead of losses. It is already planned in the near future to build a major oil refinery near Karachaganak in order not to tie our own hands and feet in regard to the transportation of crude oil outside the republic. A city of oil workers will grow alongside it where thousands of Kazakhs will get jobs. In a word, each of them will have good money, excellent living accommodations, and no less wonderful prospects.

I would love to believe it.

Bank Adopts Short-Term Reform Program

LD1003111095 Almaty PANORAMA in Russian 4 Mar 95 p 9

[Second of two installments]

[FBIS Translated Text] The National Bank has adopted a short-term program for reforming the banking system.

Relations with the central banks of foreign states, participation in international financial organizations, functions as financial agent, and advisor to the government: The National Bank will in the first quarter complete the conclusion of agreements with the central (national)

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banks of the former Soviet republics which regulate payment relations. This will make possible the full transfer to servicing foreign trade relations between these countries by secondary level banks.

In 1995 the National Bank will step up its work within the framework of the previously established inter-state bank of the CIS country-members with the aim of defining its functions under the new conditions and differentiating them from the newly established Interstate Currency Committee. In the first half of 1995 it is proposed to establish contacts with the National Bank of China and the Central Bank of Iran as banks of countries which are major trading partners of Kazakhstan, and which have unliberalized currency and trade regimes with the ultimate aim of concluding such agreements with them too.

In the fourth quarter of 1994 representatives of the National Bank took part in the preparations for and negotiations with the Asian development bank on Kazakhstan receiving a special aid loan.

In the first quarter of 1995 representatives of the National Bank will take part in the preparations for and negotiations with the International Bank for Reconstruction and Development in connection with Kazakhstan receiving a loan for reforms in the financial sector and in enterprises, a loan for economic reforms, and within a year a loan for establishing a treasury.

At the beginning of 1995 representatives of the National Bank will participate in the preparations for and negotiations with the International Monetary Fund and in the meeting of the consultative group on Kazakhstan on possible financial support for the government's 1995 economic program.

During 1995 the National Bank will continue to service the credit line from the European Bank for Reconstruction and Development for investment projects in Kazakhstan's private sector. Servicing the credit from the Japanese export-import bank to the Kazakhstan government will continue as will cooperation with the Export-Import Bank of the United States within the framework of the agreement on encouraging projects signed in May 1994.

During 1995 the National Bank will continue to receive components of the technical assistance loan from the World Bank in the sphere of improving the payments system, accounting, auditing, carrying out diagnostic examinations of commercial banks, improving banking legislation, and in a number of other areas.

Relations are being maintained with the group of central banks of some countries (Japan, Belgium, Great Britain, Canada, United States, France) which are cooperating, coordinated by the IMF, on the project for modernizing the National Bank. Furthermore a number of bilateral schemes of cooperation will be implemented with international financial organizations and central banks of foreign countries. Existing regular contacts, including quarterly meetings, individual seminars and exchanges of specialists, are being maintained with the Central Bank of Russia and central banks of the Central Asian states.

The practice will be continued of familiarization with the experience and of exchanging delegations with the central banks of countries with transitional economies, which have already reached the point of financial stabilization and have slowed down the inflation rate with simultaneous increases in production volumes.

Taking into account the necessity of organizing multilateral cooperation in the sphere of banking activities of CIS member states and coordinating efforts on monetary, currency, and financial policy, a representative branch of the National Bank will be opened in the Russian Federation (Moscow) in 1995. It is proposed that this branch will organize working visits by specialists from the National Bank and commercial banks to the Russian Federation and to international financial institutions accredited there.

In the first quarter of 1995 the National Bank will take steps to participate in the work of the Bank for International Settlements (BIS) in Basel which unites the central banks of most of the world's developed countries and is a significant source of technical knowledge on the activities of central banks.

In its capacity as financial advisor to and agent of the government the National Bank will:

continue to participate in the drafting of legislation and other normative acts related to the problems of foreign debt, the attraction of foreign credits and investments, payments systems and other financial and economic issues;

continue to advise the government on schemes and mechanisms for attracting foreign financial resources to Kazakhstan;

intensify work on preparations for the issue of Kazakhstan's first foreign bond.

The development of the system of secondary level banks:

On the whole the structure of the banking system in Kazakhstan will be formed by the end of 1995: A total of 10-15 relatively large local banks (with their own funds of $10 million and more) with their head offices in Almaty and networks of branches covering regional centers and other towns; foreign branch and joint banks, which are mainly single offices in Almaty; several dozen relatively small banks (with their own funds not exceeding $2-3 million), most of which are located in Almaty and some in regional centers; non-banking credit establishments; Narodnyy Bank (the state savings bank); the Agroprombank [agro-industrial bank] system; specialized state banks.

Transformation and further development of former sectoral specialized banks. A series of measures to transform these banks has already begun to be realized since the middle of 1994 and will continue in 1995.

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Agroprombank [Agro-industrial Bank]. At the suggestion of the National Bank, in July 1994 a rescue package was launched by a commission set up by a special resolution of the Cabinet of Ministers. Debts due were transferred through centralized credits (which were previously issued on the orders of the Supreme Council and government without taking into account the real financial solvency of the given organizations) from Agroprombank's account to the account of the State Fund for Support of Agriculture which is being created under the jurisdiction of the Ministry of Finance.

At the second stage of the rescue package, the portfolio of credits issued by Agroprombank and financed by its own resources will be analyzed with the help of the international auditing firm Ernst and Young. After the implementation of these two stages, decisions will be taken about a new structure of the bank's system, re-registering the hopeless and dubious debts of agricultural producers and on its recapitalization. A decision will also be taken on the most acceptable structure for the bank and on the status of its affiliates.

To prevent the problem of irrevocable agricultural credits arising, it will be essential to complete the joint work of the Ministry of Finance, the National Bank, and the Ministry of Agriculture on forming a new system for financing the agro-industrial complex, while taking into account the seasonal nature of agriculture.

The main components of this system, in the opinion of the National Bank, must be:

granting all kinds of budget subsidies to agricultural producers, beginning from 1995, through the Fund for the Support of Agriculture and not through the banking system;

granting the National Bank's directive credits for agriculture in 1995 to Kazagroprombank [the Kazakh agro-industrial bank] and to commercial banks, with these banks' taking full responsibility for returning the credits, and with obligatory observance of the principle of the credit line during their allocation; and stimulating the development of credit cooperatives in rural locations to unite the financial resources of individual, cooperative and collective agricultural producers with the aim of mutually financing one another.

In 1995, within the framework of the credit from the IBRD [International Bank for Reconstruction and Development], a major bank will be selected to pair with Agroprombank; funded by this credit, a foreign bank selected by tender and not registered in the authorized capital will render assistance in training personnel, introducing new technologies, analyzing the credit portfolio and establishing a new structure for the bank.

Alembank Kazakhstan. The Ministry of Finance, the State Committee for Property and the National Bank must jointly draw up and make proposals to the Cabinet of Ministers on the time-scale and mechanisms for the further privatization of the state's share in the bank, after the completion in January 1995 of a diagnostic check of Alembank by the firm Price Waterhouse under a contract with the National Bank, and after bringing its balance as of 1 January 1995 into line with the requirements of the National Bank's directions on the classification of loans and on the implementation of provisions in accordance with the classification of loans, in the first quarter of 1995.

Narodnyy Bank [People's Bank]. The transformation will cover three stages and last until the end of 1997.

In the first stage (the first half of 1995), the aim is to restore the state's 100 percent ownership by purchasing shares from non-governmental share holders; to increase the bank's authorized capital by transferring to the bank's ownership premises it is currently leasing from the state; and finally to decide on the indexation system for deposits from the population as of 1 January 1992.

Narodnyy Bank is putting exchange operations with cash hard currency into action through its vast branch system. It will introduce a mechanism for carrying out money orders between citizens of Kazakhstan and other the CIS countries, extend the population's practice of using Narodnyy Bank cheques as non-cash payments, and will carry out the transition to a contract system of hiring and paying wages.

In the second stage (the second half of 1995 and the year 1996), the bank is to introduce and broaden the use of plastic debit and later credit cards, to introduce new deposit services for the population, and to improve the current profitability of the bank, while the State Committee for Property will, in conjunction with the Ministry of Finance and the National Bank, work out a scheme and mechanism for further privatization.

In the third stage (in the course of 1997), Narodnyy Bank will consequently have to move into accordance with the National Bank's prudential standards and get ready for transition, from 1 January 1998, from the state's complete guarantee on deposits to a mixed scheme of state-collective insurance of deposits. In this period the first stage of privatizing Narodnyy Bank may begin.

In 1995, within the framework of the IBRD credit, a foreign savings bank will be chosen to pair with Narodnyy Bank.

Turanbank. This is a universal bank with a state share of 61 per cent (as of April 1994), some of the enterprises that make up Turanbank's main debtors will be transferred in 1995 to the Rehabilitation Bank, which is being set up.

The Ministry of Finance, the State Committee for Property, and the National Bank must draw up and submit proposals to the Cabinet of Ministers for the time-scale and mechanisms for the further privatization of the state's share in this bank in the first quarter of 1995, after the completion in January 1995 of a diagnostic check of

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Turanbank by the firm Deloitte and Touche [as received] under a contract with National Bank, and after the bank's balance has been brought into line as of 1 January 1995 with National Bank instructions on the classification of loans, and on the implementation of provisions for bad and dubious assets in accordance with the classification of loans.

In 1995, within the framework of a European Bank for Reconstruction and Development (EBRD) credit, a major European bank will be chosen to pair with Turanbank.

Kredosotsbank [credit and social bank]. Kredosotsbank is currently a universal bank and the government has a 40.3 percent share in it (as of April 1994).

After the diagnostic study being conducted by Ernst and Young under a contract with the National Bank has been completed in January 1995, a program of further development of the bank and selling of government share in his authorized capital is to be worked out, in the nearest terms.

In addition, within the framework of credit from the European Bank for Reconstruction and Development a large European bank is to be chosen to be paired off with Kredosotsbank, which will allow this development program to be implemented. The formation of state banks with specialized functions The Export-Import bank (Eximbank), the Development Bank of Kazakhstan and the Housing Construction Bank (Zhilstroybank) have already been set up in Kazakhstan within the framework of the banking sector reform program. The Narodnyy Bank will be counted as a specialist bank as long as it remains under state control and specializes in services for the population.

The Development Bank of Kazakhstan. This bank is a government financial and credit institution designed to provide long-term credit to effective investment projects in priority areas of the economy. It is the National Bank's view that given the financial difficulties, in the first phase of 1995 the Development Bank will be able to select and start financing five to 10 of the most important projects involving structural reform of the economy.

The Export-Import Bank. The appearance of Eximbank creates the preconditions for funding exports that are unusual for Kazakhstan (finished and science-intensive products), and for providing insurance and guarantees for export credits and possibly foreign investments. One of the main areas of its activity in 1995 will be the development and introduction of a system of effective controls over the use of foreign credits received under government guarantees at all stages: receipt, use and repayment.

The Housing Construction Bank. Its basic functions are to provide credit for housing construction via a network of commercial construction organizations, to develop a system of housing savings account for population, and to create a system of mortgage loans (where the loan is granted against the property as security). The bank has already passed through the development phase and its basic problem is that the budget is incapable of giving it the funds stipulated by presidential decree to form its credit resources.

Rehabilitation Bank (trust). It is envisaged that this bank will be a kind of "hospital for problem enterprises." It will be set up with technical help from the World Bank. In January 1995 a contract will be drawn up with a consultancy firm which the World Bank will pick for the project. This bank will have to redeem the obligations of 30 to 40 major enterprises by lifting them out of the country's financial system, and reconstruct them and subsequently revitalize, privatize or liquidate them.

The National Bank considers it a requirement for the budget funds needed for this to be assigned in 1995. The formation of an "international standards" group of domestic banks The formation of this group of banks should ensure that in every regional centre and in most other large towns there are financially stable banking institutions providing a range of banking services to individuals and enterprises. Given current trends, about 10 to 15 banks have the potential to join this group.

Only eight banks are capable of performing all the basic types of operation (deposits, credit, state securities, foreign exchange, and so on) while adhering to economic regulations. Furthermore, these banks account for more than 80 percent of all operations in the republic's banking system. The diagnostic study which is currently being made of the 10 largest banks will enable a reliable picture to be built up of the financial state of these banks for bank investors, clients, and deposit-holders.

Talks between a Kazakh delegation (including representatives of the finance and economy ministries, the State Property Committee and the National Bank) and the World Bank on a loan to reform the financial sector and its enterprises are due to end in 1995. The framework for this loan provides for funding for a system whereby selected Kazakh commercial banks (two large ones and two medium- sized ones) will be paired up with first-rate foreign banks, without either side having any involvement in each other's authorized capital. The European Bank is to give another four banks an equivalent amount on the same terms.

Implementation of this project, which starts in the first quarter of 1995, will enable the selected banks to invest some 16 million dollars in improving automization of the banking system, personnel training and beefing up management.

In addition the Banking Consultancy Service funded by technical assistance within the European Union's TACIS program has already started work. It consists of eight qualified banking experts from Denmark, Netherlands and Ireland. In the first quarter of 1995 the National

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Bank plans to draft and approve the regulatory foundations needed to set up (or transform) and regulate the activity of three basic types of non-banking financial institutions: clearing institutions, credit cooperatives and savings and loans associations.

Official on Recently Adopted Customs Code

954F1685A Almaty PANORAMA in Russian No 9, 4 Mar 95 p 7

[Interview with Viktor Shklyar, first deputy chief of the Main Customs Directorate of the Kazakhstan Republic, by Nikolay Drozd; place and date not given: "As Yet We Have No Overall State Strategy Protecting the Domestic Market Through the Use of Customs Duties"]

[FBIS Translated Text] [Drozd] How would you assess the Customs Code recently adopted by the parliament?

[Shklyar] It encountered serious problems during adoption over the course of three years and reflected an evolution of approaches to customs that were taking place in our society. Now we have a uniform code of regulations that determines our activity and lays the foundation for the customs service.

[Drozd] All the same, do not problems of interpretation remain?

[Shklyar] Yes. But it is better to interpret one document than 200 diverse enactments, which to a significant degree afforded officials an opportunity to arbitrarily determine the rules for export and import in each instance. Thirteen kinds of customs payments are defined in the code, including seasonal and antidumping payments. Also very important are the rights afforded us to engage in operational-investigative activity and inquiries. This is completely new.

[Drozd] What are the most important tasks awaiting accomplishment by the Kazakhstan Customs Office related to the findings of the Customs Union?

[Shklyar] In the past we introduced repeated proposals on the removal of customs duties. Immediately following the disintegration of the Soviet Union, we insisted on not introducing large customs duties, but rather on tracking the flow of freight in both directions, establishing normal statistics. An extremely important task of heightened complexity is the unification of customs legislation of Russia and Kazakhstan.

Virtually all aspects require coordination. Over several years of separate existence, the legislation of our two countries has come to differ significantly. In some areas the Russians have advanced, in others we have proceeded along a separate path. Russia's legislation will comprise a great deal of the basis for moving closer together, of course. It would be fundamentally significant for us to adopt a rule that is accepted in Russia and throughout the world: Duties are exacted depending not on declared value, but on the average world price of production output. This will prevent a great deal of manipulation from taking place. In principle, exporters and importers may be advised to reach agreement on purchasing a commodity at a somewhat cheaper price but pay the customs duty. A topic of special attention for the two sides will be customs support for the external borders of a future customs union.

Thus, we are interested in Russian-Baltic and Russian-Ukrainian borders, while the Russians are interested in our borders with China and with other CIS countries not belonging to the Customs Union. The interest is primarily from two aspects. From the point of view of preventing dumping and the resale of commodities at higher prices, and from the point of view of barring the transportation of narcotics. We share the anxiety of the Russian side in this regard. Whereas in 1993 we exposed 32 consignments of drugs totalling 80.5 kilograms, in 1994 the figure was 101 consignments totalling 469.4 kilograms. As a result of just one inspection—on the Kostanay-St. Petersburg train, 31 kilograms of drugs were discovered.

[Drozd] Does this indicate an increase in the drug flow or better work on the part of your service?

[Shklyar] One gets the impression that it is increased drug flow. Representatives of the Western customs services are also alarmed at the raw drug material from Chuyskiy.

[Drozd] How successful, in your view, is the task of protecting the domestic market being accomplished through the use of customs duties?

[Shklyar] As yet there is probably no large-scale, overall state strategy. The establishment of customs duty on imported automobiles in the amount of 25 percent of their cost is indicative, for example. Understandably, Russia has established such duties proceeding from its interests. After all, Russia must protect the interests of VAZ [Volga Motor Vehicle Plant], GAZ [Gorkiy Motor Vehicle Plant], and AZLK [Moscow Motor Vehicle Plant imeni Lenin Komsomol]. But for Kazakhstan this is an incomprehensible decision.

[Drozd] Don't the duties on imported agricultural output seem excessively high to you?

[Shklyar] Supporting someone else's producer instead of your own holds little promise. Delivery of the simplest products is a terribly expensive matter if only by virtue of the transportation costs. The state is obliged to support its own peasant. We are not talking about exotic commodities, of course, for which customs duties may be symbolic.

[Drozd] Is the existence of customs benefits justified in your opinion?

[Shklyar] Only a few of them are truly vitally necessary—others corrupt. Such benefits cost the state 64 billion tenge last year, according to our calculations.

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[Drozd] How great is the contribution customs makes to the republic budget in quantitative terms?

[Shklyar] Some calculations show it may account for one-fifth of its replenishment. We are opposed to an exclusively quantitative approach to customs. We believe this is a fairly delicate instrument capable of stimulating sectors of the economy.

Tajikistan

President To Meet Opposition Leader in Pakistan

LD0903163095 Moscow ITAR-TASS in English 1437 GMT 9 Mar 95

[By ITAR-TASS diplomatic correspondent Vladimir Suprun]

[FBIS Transcribed Text] Moscow March 9 TASS—President of Tajikistan Emomali Rakhmanov will leave for Islamabad on March 13 after his visit to Copenhagen, where he will participate in the world summit for social development, a spokesman of the Tajik Embassy in Moscow told ITAR-TASS today.

During his stay in Pakistan, Emomali Rakhmanov is expected to meet Akbar Turadjonzada, leader of the Islamic Revival Movement of Tajikistan.

Election Conduct, Outcome Analyzed

954F1706A Moscow NEZAVISIMAYA GAZETA in Russian 2 Mar 95 pp 1-2

[Article by Oleg Panfilov: "The Majlis Oli Has Turned Out Entirely Soviet: Authorities Are Counting on Themselves and the Russian Army"]

[FBIS Translated Text] Correspondents of several of the most important press agencies followed the course of the parliamentary elections, noting primarily the fact that the opposition parties did not take part and also the authorities' refusal to register as candidates the leaders of the National Unity Party—Abdumalik Abdulladzhanov, former ambassador of Tajikistan in Russia, and Tolib Boboyev, his deputy. The material notes that 46 members of the Communist Party were registered as candidates, and DPA headed its dispatch "Communists Confidently Win Elections in Tajikistan." The correspondents noted simultaneously the unwillingness of international organizations—the United Nations, the OSCE, and the EU—to send their observers, which was expressed in a statement by the German Embassy in Tajikistan and also in the opinion of Gancho Ganchev, leader of the OSCE mission in Dushanbe, who told an AFP correspondent: "Even in Cambodia, where the elections were conducted under the observation of the United Nations, there were not as many violations." In his address to the people on 21 February, Emomali Rakhmanov termed the elections "free and democratic," it is true, thereby dotting the final "i" in relations with the international organizations. Only representatives of the CIS Interparliamentary Assembly—an organization to which, according to information of SOVETSKAYA ROSSIYA, Tajikistan paid in 1994 not one kopek in dues—were observers.

At that time, 21 February, the opposition radio Voice of Free Tajikistan, which broadcasts from the territory of Afghanistan, transmitted the text of a program of a settlement of the situation in the republic prepared by leaders of the opposition. This program is manifestly superior from the viewpoint of democratic changes to the actions of the Dushanbe authorities inasmuch as its points include the unrestricted operation of all parties, the development of friendly and economic relations with all countries, primarily Russia, the return and the safety of the refugees, the unrestricted activity of the press, and the creation of a State Council and a Provisional Government of National Reconciliation.

Nonetheless, despite the rejection by the world community of what is happening, elections did take place in Tajikistan. They were preceded by sharp words from Uzbekistan President Islam Karimov during the recent Almaty summit of the CIS heads of state, who accused Emomali Rakhmanov of a reluctance to negotiate seriously with the opposition. To judge by everything, the authorities of Uzbekistan have begun to take a serious interest in the situation in Tajikistan: During their recent visit to New York and Washington two opposition leaders—Khodzhi Akbar Turadzhonzoda and Mukhammadsharif Khimmatzoda—met with Alisher Mardiyev, minister of justice of Uzbekistan, and a desire for the fourth round of inter-Tajik talks to be held in Tashkent was even expressed. Consultations are into their second month in connection with the fact that the opposition has expressed no confidence in Moscow because of the Russian border guards' failure to comply with the terms of the Tehran Agreement on a temporary cease-fire. Moscow, as the venue for the next meeting of the delegations, is still seen merely as a potential possibility. The time and place of the next round of negotiations will be determined conclusively today, evidently, in the Pakistani capital, where members of the opposition and Aldo Aiollo, deputy secretary general of the United Nations, are meeting.

It is hard, strictly speaking, to imagine the range of issues that could be considered at the negotiations inasmuch as the authorities have, in having held parliamentary elections, canceled out the very prospect of a settlement. An agenda for the negotiations—one of the principal blocks of questions of which was constitutional development implying the joint drafting of the text of a new constitution and presidential and parliamentary elections—was signed back last April at the first (Moscow) round by the government and opposition delegations.

A constitution, which the OSCE has deemed undemocratic, has been adopted; a president, at whose election the rights of the other candidate were flagrantly violated, has been elected; and, finally, a parliament in approximately the same political composition as the previous

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one has been elected. On 28 February, Kholmurod Sharipov, leader of the republic Electoral Commission, told an INTERFAX correspondent that the elections were valid in 161 out of 181 districts. Some 2,274,632 persons out of 2,664,578 took part in the ballot, according to official information, which signifies a 94 percent turnout. This figure perfectly explains the authorities' desire to impart legitimacy to the undertaking. In the remaining 20 districts supplementary elections will be held on 12 March. But even now, according to the Constitution, parliament can begin its meetings. Mr. Sharipov declared that two persons had been elected from the People's Unity Party, three from the Communist Party, five from the People's Party, and one from the Party of Political and Economic Renewal. The latter organization has not officially nominated its candidate, it is true. The national composition of the Majlis Oli is as follows: 80 percent of the deputies are Tajiks, approximately 16 percent are Uzbeks, and 4 percent are Russian-speaking citizens. But, according to the data of a correspondent of Radio Liberty, in the new legislative body there will be only one or two persons from the ranks of Russian citizens and 10 or even fewer Uzbeks.

According to unofficial figures, approximately 40 percent of the deputies of the old Supreme Council have moved over to the Majlis Oli, these being primarily the chairmen of committees of the former Supreme Council and also the leaders of rayon, city, and oblast administrations who have become such by having moved over from rayon party committee seats. Such manifest builders of Tajik socialism as Shodi Shabdolov, leader of the Communist Party, Isomiddin Salokhiddinov, first secretary of the Dushanbe City Party Committee, and Rafik Musoyev, first secretary of Dushanbe's Tsentralnyy Rayon Party Committee, have come up as deputies.

Judging by how decisively the Tajik communists turned out for the elections, their main defenders—the Russian military and diplomats, for whom temporary tranquillity is far more important than the further possible development of events—are manifestly in sympathy with them. If the communists come to be in the majority, Shodi Shabdolov could initiate a consideration of matters connected with the restoration of the USSR. His efforts geared precisely to this have in the past two years been incessant. The further relationship of the authorities with the Russian diaspora and other national communities could develop into manifest confrontation, unless, of course, the communists return to populist measures, to the restoration of the status of Russian, for example.

In any event, the results of the elections could influence, and very appreciably, the authorities' further relations with the opposition. Nor is the Russian military, which is building up its presence on the Tajik-Afghan border in earnest, in any doubt, it would seem, that the military confrontation will continue. International isolation, primarily on the part of the West, awaits Tajikistan also.

Uzbekistan

Karimov Receives Czech Foreign Minister Zieleniec

LD0903180695 Moscow ITAR-TASS World Service in Russian 1633 GMT 9 Mar 95

[By ITAR-TASS correspondent Vilor Niyazmatov]

[FBIS Translated Text] Tashkent, 9 Mar—The visit to Uzbekistan by Jozef Zieleniec, foreign minister of the Czech Republic, and those accompanying him—over 80 businessmen from that country—ended today. Today the minister was received by Islam Karimov, president of Uzbekistan. During the meeting, the sides expressed satisfaction with the level of development of bilateral relations. Note was made of the importance of meetings between businessmen which undoubtedly, will promote the further strengthening of relations of partnership in the development of various spheres of industry.

Jozef Zieleniec and those accompanying him took part in an international seminar of business people.

Joint Venture To Make Planes, Arms

LD0903192395 Moscow INTERFAX in English 1655 GMT 9 Mar 95

[FBIS Transcribed Text] TASHKENT, Mar 9 (Interfax)—Uzbekistan and the Czech republic are planning to set up a joint venture manufacturing military training planes, small arms and explosives on the basis of the Chkalov aircraft works in Tashkent. The plans were discussed during a Thursday [9 March] meeting in Tashkent between Czech Foreign Minister Josef Zieleniec and the Uzbek Minister for Foreign Economic Relations Otkir Sultanov.

The two sides also defined the most promising areas of cooperation: auto-manufacture, petrochemistry, the food and textile industries.

It was recognized that the current level of ties does not meet the two sides' existing potentials. In 1994 trade between the two countries amounted to $51 million which was twice as much as in 1993. Czech exports amounted to $20 million and Uzbek exports a little over $30 million. Cotton fibre constitutes 98% of Uzbek exports. In exchange the Central Asian country gets engineering goods, technological and medical equipment, instruments and means of transportation.

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Armenia

Deputy Premier Leads Delegation to CIS Talks in Moscow

NC0903165395 Yerevan Armenia's Radio First Program Network in Armenian 1300 GMT 9 Mar 95

[FBIS Translated Text] An Armenian delegation left for Moscow today under Deputy Prime Minister Vigen Chitechyan to take part in the meeting of the presidium and collegium of the Interstate Economic Committee of the CIS Economic Council between 10 and 11 March. The creation of a CIS interstate foreign currency committee and other matters of economic cooperation are expected to be discussed. This was reported by the government's press service.

Adviser Blames Azerbaijan for Increased Border Tension

LD0903152295 Moscow INTERFAX in English 1340 GMT 9 Mar 95

[FBIS Transcribed Text] YEREVAN, Mar 9 (Interfax)—Increased hostilities on the Armenian-Azerbaijani border from the beginning of March is explained "by Azerbaijan's attempt to involve Armenia in the conflict and to demonstrate to the world that Azerbaijan and Armenia, but not Azerbaijan and Nagorno-Karabakh, are the major parties to this conflict," chief adviser of the Armenian president Zhirair Liparityan said in an interview with Interfax Thursday [9 March].

He is convicted that "resumption of hostilities on the border by Azerbaijan is a part of its diplomatic game in as at the previous negotiations in Moscow Baku rejected recognizing Karabakh as a plenipotentiary party to the conflict despite the decisions of the OSCE."

Liparityan pointed out that if Azerbaijan continues sticking to this position then the meeting scheduled for March 20 in Stockholm, in the framework of the OSCE peace-making mission on settling the Karabakh problem, can be disrupted.

Liparityan believes that fire engagement on the Armenian-Azerbaijani border "will not burst into wide-scale hostilities." He reported that currently Azerbaijan's and Armenia's defense ministers "maintain constant contact to prevent possible border conflicts."

Cooperation Agreement Signed With UNDP

NC1003054995 Yerevan SNARK in English 1617 GMT 8 Mar 95

[FBIS Transcribed Text] Yerevan, March 8 (SNARK)—Today, Armenian Foreign Minister Vahan Papazyan and Head of the Yerevan office of the UN Program on Development, Claud Bello, signed an agreement on cooperation.

Armenian Government pays great attention to the deepening and extension of relations with foreign structures, and particularly with UN, noted Vahan Papazyan.

Claud Bello also added that the cooperation between Armenian Government and the UN Program on Development started more than a year ago, and today's agreement will become an official document.

"Main activities are to start only now, and we'll try to assist the policy, led by Armenia in the sphere of technical and economic advancement," said Claud Bello.

Destroyed Gas Pipeline in Georgia Restored

LD0903140695 Moscow INTERFAX in English 1102 GMT 9 Mar 95

[FBIS Transcribed Text] YEREVAN, Mar 9 (Interfax)—The 160-meter section of the gas pipe-line, blown up on March 3rd in Georgia, 8 kilometers from its border with Armenia, was restored Wednesday [8 March] night.

As Armenia's State Department for Emergencies has reported to Interfax, gas from Turkmenistan been reaching Armenian consumers in the volume of 3.5 million cubic meters a day.

It was the third blast on the pipe-line, carrying gas into Armenia across Georgia, since the beginning of this year.

By an Armenian version, explosions are the work of Azerbaijani militants, seeking to put pressure on Armenia over a settlement in Karabakh.

Armenia's Prime Minister Grant Bagratyan has instructed the republican Interior Ministry to conduct talks with Georgian representatives on the participation of Armenian patrols in the protection of the gas pipe-line section from the Armenian frontier to the Khrami river in Georgia, where acts of sabotage occur particularly often.

Ter-Petrosyan on Election of Armenian Church Head

NC0903050795 Yerevan NOYAN TAPAN in English 1237 GMT 8 Mar 95

[FBIS Transcribed Text] 08/03/95 NOYAN TAPAN—In an interview given to the "ARMENPRESS" agency Armenian President Levon Ter-Petrosyan said that, in his opinion, the best candidate for the position of Catholicos of All Armenians was Cilician Catholicos Garegin II. He said in particular:

"The Armenian Church, which has 1,700 years long history of existence is particular in a way that the position of Catholicos, almost without exceptions, was always occupied by the most deserving prelates of the period. If even there were any disagreements while electing Catholicos, they were caused by external interference, and not an internal conflict. Today, there are candidates in the congregation of St. Echmiadzin who deserve to occupy this post: Archbishop of Jerusalem

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Garegin Kazanchyan [name and title as received], the head of Ararat Diocese Garegin Nersesyan, the head of Shirak Diocese Archbishop Grigoris Buniatyan, the head of New York Diocese Khazhak Parsamyan and the head of Artsakh Diocese Parkev Martirosyan.

However, judging by the knowledge of theology, competency in the Armenian studies, diplomatic talent and administrative abilities, the most deserving candidate for the position of Catholicos of All Armenians would, in my opinion, be His Holiness Patriarch of Cilicia Garegin the Second who has an unrivaled authority both in Echmiadzin and Cilicia, among the faithful of Armenia and Diaspora alike.

Leaving aside the personal merit of the candidate, I think that this choice could bring back the unity of the clergy of the Armenian Apostolic Church as well as regulate the relations between Armenia and Diaspora—a matter of national importance. A few years ago Catholicos Garegin in cooperation with late His Holiness Vazgen the First started activities to restore the unity of the Church and organize an All-Armenian "Hayastan" Fund.

In response to a question, how he envisaged the restoration of unity of the Armenian Church, President Levon Ter-Petrosyan said:

"We certainly should not expect that it will happen at once. The Cilician altar will exist as a historical institute for many years to come, recognizing, at the same time the superiority of Echmiadzin and limiting its position in Lebanon, Syria and Cyprus. Catholicos Garegin is a perfect candidate for this difficult task, and I am confident that the clergy of the Armenian Apostolic Church will not miss this chance."

Levon Ter-Petrosyan underlined that he spoke not as a President but as an Armenian citizen.

Turkish Authorities Concerned Over Patriarch's Visit

NC0903135295 Yerevan NOYAN TAPAN in English 1344 GMT 8 Mar 95

[FBIS Transcribed Text] 08/03/95 NOYAN TAPAN—According to the Turkish MILLIYET newspaper, the Turkish Government is concerned over the forthcoming visit of the Armenian Patriarch Garegin Kazanchyan to Echmiadzin. The Istanbul-based Armenian MARMARA newspaper suggests an opinion that information by the MILLIYET is abundant with faulty and groundless facts, since, according to MILLIYET's journalist, the Turkish Government was dissatisfied with Patriarch's request to allow him participation in the elections of the All Armenian Catholics. "The Government reportedly announced to the Patriarch that there was no ban on his leaving the country, however, still has not ratified this permission. Meanwhile, according to available data, the Turkish authorities set no pre-conditions on the issue of allowing Armenian clergymen to leave the country, since the participation of them in the elections was viewed as normal state of things. The authorities refused to provide a leaving permission for non-clergy individuals only," MARMARA reports.

Publications Receive Government Subsidies

NC1003054895 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0911 GMT 9 Mar 95

[FBIS Transcribed Text] Yerevan ("Lragir" daily-Lratu), 03/09/95—1995 State Budget of Armenia allocated means to support publication of "HAYASTANI HANRAPETUTYUN", "RESPUBLICA ARMENIA", "KANCH" [CALL], "RYA TAZA" [NEW PATH], "TSITSERNAK" [SWALLOW], "AGHBYUR" [FOUNTAIN], "ECONOMICA", as well as 14 other magazines published by the National Academy of Sciences.

A 224.375 mln. [million] drams subsidy has been allocated for their publication this year. Another 20 mln. drams were allocated for publication of literature for children. At the same time, a 958.4 mln. drams subsidy will be made for organization of radio and TV broadcasting, and 50 mln. drams—for production of movies.

Karabakh Minister on Contact With Azerbaijani Police

NC0903192395 Yerevan Radio Yerevan International Service in Armenian 1800 GMT 9 Mar 95

[FBIS Translated Text] When needed, we exchange information and hold meetings with the representatives of the Azerbaijani police force. Nagorno-Karabakh Republic Interior Minister Armen Isagulian, told an ARMENPRES reporter this. Similar problems are not rare on the Azerbaijani side either. Basically, these are related to prisoners and hostages. Major General Isagulian noted that thanks to the efforts of the Karabakh side it has been possible to secure the return of all the militia workers who were taken prisoner for various reasons during combat operations.

Azerbaijan

Foreign Minister Receives Israel's Health Minister

NC0903190195 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1250 GMT 9 Mar 95

[FBIS Translated Text] Foreign Minister Gasan Gasanov received Israel's Health Minister Efrayim Sne today.

During the meeting with Health Minister Efrayim Sne, Gasan Gasanov briefed the guest on the sociopolitical situation in the republic. He noted that the Azerbaijani side pins great hopes on the support of international organizations and friendly countries, including Israel, in the peaceful resolution of the Nagorno-Karabakh conflict, which has continued for years now.

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Gasan Gasanov noted that the Jewish community, which has historic roots and still lives in Azerbaijan, closely links us to Israel's history, culture, and future.

Mr. Sne was interested in the situation in our republic's health system and stressed that cooperation in this field will be beneficial for both sides.

Afterward, Foreign Minister Gasan Gasanov and Israeli Health Minister Efrayim Sne signed a bilateral agreement on cooperation on health and medical science.

Israeli Ambassador to Azerbaijan Eliezer Yotvat and Azerbaijani Health Minister Ali Insanov took part in the meeting.

Defense Ministry Describes Armenian Border Attacks

NC0903163695 Baku AZERTAC in English 0717 GMT 9 Mar 95

[FBIS Transcribed Text] According to the press-service of the Azerbaijani Defence Ministry, during the last few days the Armenian armed forces continued pounding the Azerbaijani populated areas in the north-west of the republic. The village of Alibeyli of Tauz district of Azerbaijan and our positions there were exposed to the most intensive fire. From the early morning in March 7 the outskirts of the village were subjected to the enemy's shelling without stopping. From 13.00 p.m. till the dead of night the Armenian armed forces were pounding, using tanks, infantry armoured cars and anti-aircraft guns. As a result of this three Azerbaijani soldiers and several persons among civilians were wounded. Later one of them died of wounds.

At the same day during the half an hour from 09.35 p.m. till 10.05 p.m. the subunits positions of the Azerbaijani armed forces in Gerandboy [Shahumian] district of Azerbaijan were also subjected to shelling by large-calibre machine-guns.

The headquarters on co-ordination of CIN (Community of Independent Countries) [CIS] war co-operation was informed about all these infringements of the cease-fire by the Armenian side. At the headquarters on co-ordination through the Armenian war representative was reported that if the Armenian armed forces didn't stop pounding the Azerbaijani territories, the Azerbaijani artillery, having the aim to suppress the hostile weapon emplacements, would open an equivalent fire in reply on the Armenian military bases, situated at the Berd and Ijevan districts of Armenia.

After the warning bombardment was stopped. Today the cease-fire is kept along the whole front line.

Guseynov Assesses Aliyev Actions

954F1707A Moscow ARGUMENTY I FAKTY in Russian No 10, Mar 95 p 5

[Interview with Suret Guseynov, former prime minister of Azerbaijan, by Dmitriy Makarov; place and date not given: "'An Explosion Is Coming in Azerbaijan'"]

[FBIS Translated Text] According to the information being received by ARGUMENTY I FAKTY from Azerbaijan, the local authorities banned the distribution of the issue of the newspaper that carried an interview with former President Ayaz Mutalibov. Those selling the newspaper on the side were caught by the OMON [Special-Purpose Militia Detachments] and the police, beaten up, and thrown in the slammer. The same will happen with this issue also, most likely. Dmitriy Makarov, correspondent of ARGUMENTY I FAKTY, interviews Suret Guseynov, former prime minister of Azerbaijan.

[Makarov] What do you think, what are the Azerbaijani authorities so afraid of?

[Guseynov] I could respond in brief that the central authorities in Azerbaijan are in a panic of fear that our citizens will learn that Ayaz Mutalibov and I are continuing the struggle against the dictatorial regime. But this would only be part of the truth.

The whole truth is that after the uprising of 4 June 1993, when President Abulfaz Elchibey's regime collapsed and I was in virtually total control of the situation in Azerbaijan, I handed over with my own hands the power that I had at that time to Geydar Aliyev. He became president, and I, prime minister. Before he ousted me by deception, I learned all too much in the 12 months plus that I held this office about this devil in human form.

[Makarov] What induced you to share power with Aliyev?

[Guseynov] I was forced to do so. Despite the fact that he had since 1988 been residing permanently in his homeland in Nakhichevan, where he held the office of chairman of the Supreme Soviet, he himself and his clan had performed a colossal amount of work to restore his influence. Ignoring Aliyev at that moment was simply impossible. It can now be said with all certainty that all the events in Azerbaijan since 1988 occurred according to the script worked up by Geydar Aliyev. He was truly able to ensure that his return was inevitable.

When, on 4 June 1993, there was under my leadership a popular uprising in Gyandzha, Aliyev immediately came to me in Gyandzha, where we met several times face to face.

[Makarov] What did you talk about?

[Guseynov] I told him that he had tremendous experience of power, but it was for this reason that I was asking him to remove his old mask and appear before people in an entirely different light. There should be no more intrigues, let's talk and act openly.

[Makarov] It sounds very naive.

[Guseynov] Naive, yes, but I did not at that time have any serious political experience, and Aliyev understood this. He said that he did not have long left to live and that

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he saw it as his sole purpose to help me learn to govern the country and then to hand over the reins of government.

He appeared at that time truly very frail, and I thought that I should agree to his proposal that he become chairman of the Supreme Council, and I, premier....

[Makarov] But with this arrangement, his power would have been nominal, and yours, real.

[Guseynov] Yes, and we arranged here at that time as follows: I was to be the "shah," he, the "vizier." He agreed with this and left for Baku. But when I got there after him, he invited me for a chat and said: "I am already writing the final pages of my life, show respect for me, therefore: I will be No. 1, you, meanwhile, No. 2."

[Makarov] So it may be said that Aliyev, the master of intrigue, outplayed you in this round?

[Guseynov] From the tactical side, yes, but if you look more deeply, I believe that he lost. Having become "shah," Aliyev has revealed to the people his essential character and has conclusively discredited himself in people's eyes.

[Makarov] How did Aliyev behave in respect to Russia on coming to power?

[Guseynov] While still chairman of the Supreme Council of Nakhichevan and a deputy of the Supreme Council of Azerbaijan, he voted against the republic's membership in the CIS and the signing of the Almaty treaties and ratified them when he had become chairman of the Supreme Council of Azerbaijan. It took me a long time to persuade the deputies of the need for an alliance with Russia via the CIS. Aliyev remained silent; he had long since decided to take Turkey and the West as his reference points, and although he did not yet dare to openly oppose union with Russia, he made no secret of his anti-Russian views in private conversation.

[Makarov] Were there other reasons for your disagreements?

[Guseynov] Yes. The question of the oil contract. It was prepared under President Mutalibov, even. It was given a political coloration by President Elchibey. From the very start, he had been concocting the idea that oil pipelines should run only via Turkey and that the oil should be produced by Western monopolies. Except for certain minor details, this was the contract that was signed by Aliyev last September.

[Makarov] What, in your opinion, are its shortcomings?

[Guseynov] The fact that it ignores the role of Russia. Let the dimwits in high Baku offices accuse me of pro-Russia sentiments to their hearts' content; only a very short-sighted person or one who has sold himself to the West and Turkey lock, stock, and barrel could have signed such a contract. Yes, Russia is weak at this time, and it cannot respond adequately to so brazen an infringement of its interests, but this will not be the case for long. Having signed the "contract of the century" in its present form, Geydar Aliyev has complicated our relations for many years to come.

[Makarov] Did President Aliyev have a personal interest in it being signed?

[Guseynov] The text of the contract has still not been made public. A reason for this is the fact that it also incorporates via front firms certain individual leaders of Azerbaijan and their close relatives. Some $300 million, whose fate also is unknown, were transferred to the republic on account of the contract.

[Makarov] Literally a few days after the "contract of the century" was signed, you, as the Azerbaijani press maintained, made an unsuccessful attempt at a coup d'etat.

[Guseynov] That I was, apparently, perpetrating a coup I learned on 4 October 1994, at home in Baku in my office, from the television news, which was showing a demonstration at which Aliyev was accusing me, Deputy Minister of Internal Affairs Rushan Dzhavadov, and Procurator Makhir Dzhavadov of attempting a coup d'etat. I waited until the demonstration was over, called Aliyev, and inquired whether he had taken leave of his senses. He replied that he had called me twice, but had been unable to get hold of me.

[Makarov] And he then decided that you had left for a while to carry out a coup?

[Guseynov] Yes, most likely. The coup was, in fact, carried out successfully, but not by me but by Geydar Aliyev himself, who removed me from the office of premier. I know for a fact that the Aliyev coup plan had been prepared by the special services of Turkey, where its immediate organizer, Rushan Dzhavadov, had gone a week prior to this. A clash between two units of government troops, whose commanders had been told that they were fighting against insurgents, was provoked in the early hours of 4 October in Gyandzha. The results of this clash were three dead and seven wounded. Aliyev subsequently conferred the title of national hero on the dead.

My house in Gyandzha and approximately 200 homes of my relatives and friends were ransacked and completely demolished in the following days, and they themselves were branded enemies of the people and put behind bars.

Aliyev then proposed that I myself tender my resignation and go as ambassador to Pakistan, but I refused, declaring that I would not resign voluntarily. Up to 23 October I stayed home and watched television accuse me of all sins, but then I realized that it was better not to tempt fate. There was nowhere for me to run other than to Moscow. Rushan and Makhir Dzhavadov, on the other hand, still remain just as they were, in office.

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[Makarov] What is the moral and ethical climate in Azerbaijan like now, in your opinion?

[Guseynov] Historically, Geydar Aliyev is throwing our country back many decades. He formed a system of corruption back in the 1960's-1980's, when he was, first, chairman of the KGB and then first secretary of the republic Communist Party Central Committee. Now, on his second accession to power, corruption in Azerbaijan has assumed fantastic proportions. All offices are being bought and sold in the open. All of Baku has become a huge brothel, where our girls are delighting numerous Turkish businessmen. I know that Geydar Aliyev is avenging himself on the Azerbaijani people. For what, I will say at the right time, and I will present documents.

[Makarov] If you consider Geydar Aliyev a bad president, how do you intend to remove him?

[Guseynov] Only by political means. Ayaz Mutalibov and I have together formed the Civic Unity social and political movement. The number of its members constitutes as of the present 1.7 million persons. Many of the partics engaged in legal political activity in the republic have declared that they support us.

The people have been impoverished to the limit. A revolt by investors, defrauded by the government, in the Wahid Bank, which was suppressed by the OMON, took place on 1 March in a central square of Baku. But people are no longer afraid of the authorities.

[Makarov] Whatever the case, Russia recognizes the government of President Aliyev. From the viewpoint of international law, your activity here is illegal. How are you viewed by the Government of Russia?

[Guseynov] Permit me to ask a counter-question: Is the activity of the Azerbaijani Government, which is supplying weapons to Dudayev's militants and allowing the Afghan and other mojahedin to penetrate Russia from the territory of Azerbaijan, legitimate?

I do not believe that Moscow should have a poor view of us: We are not enemies of Russia, after all. But neither do we expect assistance from Russia; we are relying on our own forces. The situation in our republic is such that an explosion may be expected any day now. I am sure that we will not be overstaying our welcome in Moscow.

From the editors: Publishing this material, we are prepared to hear the viewpoint of the leadership of Azerbaijan also.

Aliyev Issues State Property Privatization Edict

LD0903211795 Moscow INTERFAX in English 2040 GMT 9 Mar 95

[FBIS Transcribed Text] BAKU, Mar 9 (Interfax)—Azerbaijani President Geydar Aliyev has signed a decree on practical measures for the privatization of government property.

The decree enables a full privatization program to be worked out within a month. The program must contain the guidelines and basic terms of privatization, methods of assessing property, the amount of free privatization share and the order for distributing government property.

The decree stresses the necessity for social protection of the population during privatization, in particular privileges for the families of killed servicemen and refugees.

A commission was created for drafting the privatization program. The commission will be led by Azerbaijani Vice President, Chairman of the Azerbaijani State Property Committee Tofik Azizov appointed as the commission's head on January 13. The commission includes heads of ministries and departments, leading economic scientists, other experts and workers involved in the economic sector.

Georgia

Government Calls For Unity in Dealing With Abkhazia

LD0903202095 Tbilisi Radio Tbilisi Network in Russian 1510 GMT 9 Mar 95

[FBIS Translated Text] The Georgian Cabinet of Ministers held its regular meeting yesterday. Head of state Eduard Shevardnadze participated in the meeting.

The meeting focused on the process of settling the Abkhazian conflict, which has moved to a decisive phase. An opinion was voiced that unity and accord was essential when dealing with the issue because it was political intrigues and discord that led to the Abkhazian tragedy.

The meeting also discussed budget revenues and assessed the situation as unsatisfactory.

The meeting considered the issue concerning the rational utilization of energy resources, which increases with springtime high water in the rivers.

Possibilities of repaying the debt of over $400 million for the natural gas received from Turkmenistan were also considered at the meeting. It was indicated that the Sakenergo [Georgian Power Production and Consumption] department was the major debtor.

Abkhazia Appeals to UN, OSCE, Russia Over Smuggling

LD0903193095 Moscow INTERFAX in English 1655 GMT 9 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 9 (Interfax)—The Abkhazian government has appealed to Russia, the United Nations and the Organization for Security and Cooperation in Europe (OSCE) that they demand that the Georgian leadership "strictly comply" with the earlier signed agreements concerning the settlement of the

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Georgian-Abkhazian conflict and stop smuggling groups of saboteurs in the Gali District of Abkhazia.

The appeal by the Abkhazian government to Russia, the United Nations and the OSCE, made public Thursday, says that Sukhumi's repeated statements "due to the incessant acts of terrorism remain without reaction on the part of the Georgian authorities".

"The situation entails a threat of another break in negotiations with the United Nations and Russia's mediation aimed at the settlement of Georgian-Abkhazian relations, as well as of the process of the return of refugees," says the appeal.

The document says that in February and early in March saboteurs kidnapped and took to Georgia some inhabitants of the Gali District, including Georgians, and set on fire "dozens of hectares of tea plantations", which caused "a great damage" to Abkhazia.

These facts "indicate that there are political forces in Georgia which want to frustrate the peace plan aimed at the settlement of relationships between Abkhazia and Georgia," says the Abkhazian government's appeal.

Shevardnadze Meets Russian Frontier Forces Chief

LD0903173295 Tbilisi Radio Tbilisi Network in Georgian 1500 GMT 9 Mar 95

[FBIS Translated Text] Col-Gen Andrey Nikolayev, director of the Russian Federal frontier service, Russian Deputy Foreign Minister Boris Pastukhov and Vazha Lortkipanidze, the Georgian ambassador extraordinary and plenipotentiary to the Russian Federation, arrived in Tbilisi from Moscow today. The guests were met at the airport by Georgian Prime Minister Otar Patsatsia, Deputy Prime Minister Avtandil Margiani, Foreign Minister Aleksandre Chikvaidze, Vladimir Zemskiy, Russian ambassador extraordinary and plenipotentiary to Georgia, and Russian and Georgian top military officials.

Also today, Georgian Head of State Eduard Shevardnadze had private meetings first with Col-Gen Andrey Nikolayev and later with Boris Pastukhov.

Joint Border Protection Agreement Signed With Russia

LD0903185095 Moscow ITAR-TASS World Service in Russian 1642 GMT 9 Mar 95

[By ITAR-TASS correspondent Albert Kochetkov]

[FBIS Translated Text] Tbilisi, 9 Mar—The signing of Russian-Georgian intergovernment accords on stepping up joint protection of the republic's external border completed talks between the two states' delegations in Tbilisi today. The Russian side was represented by Boris Pastukhov, deputy foreign minister, and Colonel General Andrey Nikolayev, chairman of the federal border service and commander in chief of its troops, who arrived in Tbilisi today. Upon arrival, they had separate tete-a-tete meetings with Eduard Shevardnadze, head of the Georgian state.

At a briefing after the signing, answering a question from an ITAR-TASS correspondent, Andrey Nikolayev told journalists that these protocols are within the framework of the major interstate treaty attained between Russia and Georgia during President Boris Yeltsin's visit to Tbilisi last year. They have specific content and outline practical aspects of the issues of Georgian citizens serving in Russian border troops on the Georgian-Turkish border as well as those of material and technical support, financing and recruitment.

Eduard Shevardnadze told an ITAR-TASS correspondent that the strategic cooperation between Georgia and Russia that took shape after the big treaty was signed became the basis for jointly guarding the republic's external border. He stressed at the same time that this is a stability factor since Georgia's possibilities in this area, both financial, technical, and cadre-related are limited. In Eduard Shevardnadze's view, the documents signed in Tbilisi today are a stability factor for the entire Transcaucasian region, too.

Parties to Rustavi Incident Call For Mutual Accord

LD0903190395 Tbilisi Radio Tbilisi Network in Georgian 1500 GMT 9 Mar 95

[Joint statement by Giga Gelashvili, chairman of the Georgian Rescue Corps, and Levan Mamaladze, head of the Kvemo Kartli provincial administration and representative of the head of state; place and date not given]

[FBIS Translated Text] Both the Rescue Corps and the office of the representative of the head of state are in the complex process of formation at the moment and, like other state structures, they are shaping their image and destination. The process is inconceivable without taking into consideration the hardships and interests of the public, political forces, and the whole population of Georgia.

Proceeding from Georgia's interests, we state that we shall not commit ourselves to the politicization of the Rustavi incident and confrontation of the two state structures. This would indeed become yet another source of destabilization in Georgia. All state structures assigned to protect the interests of the state have to act with mutual accord and coordination. This is where we shall direct our forces and efforts.

*Ajarian Official Outlines Batumi Port Development

954K0516A Tbilisi SAKARTVELOS RESPUBLIKA in Georgian 4 Feb 95 p 1

[Interview with Ajarian Council of Ministers Chairman Aleko Pagava by Armaz Saneblidze, in Tbilisi: "Free Port—Free Trade Zone"; date not given]

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[FBIS Translated Text] **"From 1878 to 1886, Batumi was declared a free port (a port having the right to receive or ship foreign goods without customs fees)** (Georgian Soviet Encyclopedia, volume 2, page 148).

"The Republic of Georgia Council of Ministers DECREES:

that the proposal of the Ajarian Autonomous Republic Council of Ministers concerning the creation of a free economic zone in the City of Batumi, based on two docks of the seaport, and in the Chorokhi Delta," be approved (from the 26 December 1994 decree of the Republic of Georgia Cabinet of Ministers).

Two historical facts, two dates, with 116 years inserted between them as in a deck of cards which the people have spread out and picked through, trying to determine what was right, what was wrong, and whether in fact things were what they were.

Facts are history's best argument: Batumi the Free Port; Batumi the Free Economic Zone.

What does Ajarian Council of Ministers Chairman Aleko Pagava think about the latter?

[Pagava] When they declared Batumi a free port the little town only had 4,000 inhabitants. Hardly seven years passed and Batumi became the Russian Empire's second port city on the Black Sea coast. Around 15 banks and 21 hotels were opened....

[Saneblidze] Now there are three....

[Pagava] Refugees are living in two of them, and the Inturist Hotel is the city's only hope.... Back then, they started building the railroad and laid the foundation for the oil refinery, and the prospects looked excellent. But then the Russian Empire shut down the free port of Batumi, and the seven-year boom ended.

But the historical experience remained.

We are really happy that our country's Cabinet of Ministers has taken this bold step, especially since it gives our people hope for employment as factories reopen, goods come in, and social problems are solved.

What does it mean to abolish customs fees and taxes, which is the basic principle of a free economic zone?

As you know, foreign countries have restricted the sales market. The development of the markets of the newly liberated countries like Georgia, Armenia, Azerbaijan, Turkmenia, Uzbekistan, and Tajikistan, and Stavropol and Krasnodar krays and so on, holds big prospects for them. But manufacturers can't grasp the local market conditions. The Batumi port's free economic zone, however, will enable industrialists and merchants to store their goods in our facility, set up goods depots, and then ship them to countries where market conditions are favorable to them. That's one thing.

Another thing is that they'll be able to complete their semi-finished goods right here, and ship them to the markets from here. We have received a specific proposal to assemble American jeeps in Batumi. As you know, all kinds of vehicles are assembled in Turkey; our people go there to buy them quite cheaply and bring them to Georgia. But how many can you fit, for example, on one ship? Not more than 50. But you can fit at least ten times more components, bring them here, assemble them, and sell the product.

Recently Batumi was visited by the general director of Turkey's free economic zones. He had some very interesting proposals for us. He told us that a lot of countries' business representatives are interested in Batumi's zone, especially American businessmen who work in Turkey and want to come to Georgia. In other words, foreign investments will be coming in.... That's the third positive aspect of a free economic zone.

And then, as I said, people will have jobs, real jobs instead of the way it is now, buying goods a little cheaper here, selling them a little higher there.

This won't happen all at once, of course; building big things takes time. So we have decided to make maximum use of the kinds of things which will produce quick results. We will use Dock 4 and Dock 5, which have been idle, for the free economic zone, and should see results in two months.

We already have buildings, structures, and warehouses which we can start using right now; the design of the rest of the territory is nearing completion, boundaries are being laid out, and so forth. A lot will be added as the zone goes into operation.

So, specific things have been decided.

[Saneblidze] Let me ask a specific question, then: have you decided which plant will be used to assemble jeeps?

[Pagava] Batumi has several factories where this can be done; we'll show them to our partners and they can decide.

Your readers know that Georgia's factories and plants have been hard hit by thievery. In Ajaria, in Batumi, the workers and engineering-technical personnel themselves guard their factories (even though the factories have stood idle for over six months). We will see who wins in this strange contest.

[Saneblidze] You said that people have hopes of getting jobs. Hopes and opportunities. Haven't people forgotten how to work during years of enforced idleness?

[Pagava] Quite the opposite, I think. People went back to the villages. I was in Guria last year and I didn't see a single uncultivated plot of land; they were even farming the hillsides. Men and oxen were plowing slopes which no machinery could cope with, and their wooden plows were fresh-carved and still white. The countryside, especially in the mountains, saw more profits last year than

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the citrus-growing peasants, because the peasants have practically no market anymore to sell their produce.

[Saneblidze] Surely we haven't become a country of wooden plows that will have to go through the Soviet years all over again? With respect to raising people's skills, say? On top of the virtual de-qualification of recent years, the free economic zone will make it necessary to master new professions. Won't the proposed jeep assembly plant require workers to master new trades?

[Pagava] Of course. But everyone knows what kind of professionals we were. I worked as a builder for 18 years, and we were building the kind of houses we shouldn't have built. That mustn't happen again. Like it or not, we have to upgrade our skills and master new ones. The times demand it. The program which we are working out for Batumi also provides for that aspect, based in the education system which we already have. Of course there are plenty of people in Georgia who would reject everything. If we had listened to the Greens that used to be so active, we wouldn't have the Batumi Oil Refinery today, and we wouldn't have our own petroleum products. The abandonment of the Khudoni GES [hydropower plant] project should serve as an example for generations. Living independently does not mean being isolated from everyone and every thing, of course.

[Saneblidze] There are those who think that the free economic zone will bring loss of our national identity.

[Pagava] I don't share that notion. Recent years have shown us that we know very well how to squabble, steal, and curse one another. The kind of civilized labor which we must finally undertake (and which the free economic zone will provide) will help our people get rid of these ugly qualities and bring out our true national qualities that are hidden under the negative ones.

Of course you remember how things used to be. First we denounced half of Georgians as traitors and declared the other half "our kind of people," and then, because of changed circumstances, we switched them.

Haven't we had enough? The kind of labor which our country needs today will finally put an end to that kind of squabbling, I believe.

[Saneblidze] Do you have specific programs to implement the free economic zone?

[Pagava] We're working on it and learning all about this sphere, which is new to us. There is no one model that is suitable for all countries. Our model of free economic zone takes account of our specific characteristics.

Russia's free economic zones don't work the way Turkey's do. Russia's government has retained many rights and levers which make it hard for the zones to realize all their potential.

We have a lot to do to create the necessary legislative base, and we must not delay. We ought to be working day and night in order to take the optimal first steps very quickly.

Working along with us on these matters are technical experts, scientists, and foreigners we have invited in.

The point is to get going. But there are many obstacles.

Consider the oil which we produce in Georgia and refine in Batumi. It is so burdened with taxes that a tonne of gasoline costs 493 dollars. If we don't straighten out the minimum wage coefficient we won't get out of our predicament; the cost of gasoline we have refined has risen by 180 dollars. No one buys it now. In Turkey, it costs 200 dollars. Recently Mr Rezo Tevzadze, the head of Saknavtobi [State Petroleum] , came here to take away some gasoline belonging to his department, but he said it cost too much and he wouldn't take it.

So that's why I've come to Tbilisi, to deal with this issue.

[Saneblidze] Some people think that the free economic zone will make Ajaria more isolated.

[Pagava] People who say that don't love Georgia. I have often heard talk like that and have read articles about where does Ajaria think it's going, and similar nonsense.... Ajaria is working for the good of all of Georgia and will always be its bastion of support.

Batumi Free Port

After 116 years, Batumi remembers its historical experience as the ship of the free economic zone enters Batumi's harbor.

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Estonia

Overview of Vice President Gore's Visit Reported

WS1003111995 Tallinn ETA in English 2146 GMT 9 Mar 95

["News Release"]

[FBIS Transcribed Text] U.S. Vice-President Al Gore, who is paying a short visit to Estonia, arrives in Tallinn on Monday [13 March], the press service of President's Office told ETA.

Al Gore is to meet President Meri for a discussion on issues of foreign policy and other issues of mutual interest. From Kadriorg Palace Al Gore goes to Town Hall where he meets first the representatives of political parties and then Baltic prime ministers.

After that Vice-President Al Gore and President Meri approach Estonian people on Town Hall Square at about 13.00-14.00. [1100-1200 GMT]

Luik: Tallinn Must Pursue West, Russia Simultaneously

LD0903140395 Moscow INTERFAX in English 1102 GMT 9 Mar 95

[FBIS Transcribed Text] TALLINN, Mar 9 (Interfax)—Estonia's Foreign Minister Yuri Luik believes that the country's government which will be formed by the parliament elected on March 5 has not many opportunities to change its foreign policy. "If the republic wants to preserve its sovereignty and to become such a country as Finland, Sweden, or Denmark, then it must continue its course for integration with the Western structures simultaneously attempting to establish good relations with Russia," he declared in an interview with Interfax Wednesday [8 March].

Luik said that he himself strives to pursue such policy and does not want Estonia "to turn into an unclear country with an amorphous foreign political course." Luik is sure that the new government will pursue the course of the previous Cabinet of Ministers.

According to Luik, Estonia has received a chance to improve its relations with Russia after withdrawal of Russian troops from the republic. Luik indicated that for this purpose Tallinn "has demonstrated a new approach" expressed in the proposal of Prime Minister Andres Tarand to agree "to the present line of the land border under recognition of the Tatru 1920 peace treaty by Russia." Luik believes that the issue on the Russian-Estonian border can be solved in 1995.

Luik was critical of program of relations with Russia voiced by the electoral Union Coalition Party and Unification of Peasants which has won at the elections. The intention of the winning union to initially resolve economic problems with the Russian Federation and then political ones is unreal, Luik said. "They should be resolved in complex," he thinks.

'Final' Parliamentary Election Results Reported

WS1003105795 Tallinn ETA in English 1704 GMT 9 Mar 95

["News Release"]

[FBIS Transcribed Text] The final results of elections, that took place on March 5, have been promulgated by the Republican Election Committee on Thursday evening. According to the final results, which now have been confirmed, the total of the votes and the number of seats the coalitions and parties received were as follows:

Votes	Percent	Election list
174,248	32.2264	Coalition party and Rural Union
87,531	16.1885	Reform party
76,634	14.1731	Center party
42,493	7.8589	Fatherland
32,381	5.9887	Moderates
31,763	5.8711	Our Home Estonia
27,053	5.0033	Right-Wingers

Right-Wingers, for whom the final number of seats was not confirmed until Thursday evening, have received 5 seats as the total number of votes exceeded the level of 5 percent by 28 votes. It means that spokesman of the previous Riigikogu [parliament] Ulo Nugis, Minister of Environment Vootele Hansen, Karin Jaani and Enn Tarto will get seats beside Internal Minister Kaido Kama, who had got a personal seat anyhow.

Tarand Assesses Results of Parliamentary Elections

LD0903190295 Moscow INTERFAX in English 1625 GMT 9 Mar 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Estonian Prime Minister Andres Tarand assessed results of the parliamentary elections held in the republic on March 5 "as evidence of electors' adherence to the course of reforms."

Speaking at a press conference in Tallinn, Tarand indicated that the greatest activity of electors was registered in the regions where results of economic reforms are more obvious. In his words, the elections "have cut off small parties with unclear programs and if the reforms are continued with the same pace and in the same direction than not a dozen of blocs but 4-5 large parties will participate in the next elections."

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Tarand assessed appearance of six representatives of the Russian-speaking population in the Estonian parliament as a positive factor. In his opinion, this will help "to resolve problems of non-contiguous population in the supreme legislative body and to establish better contact with the population."

He described too greater superiority of the election Union "Coalition Party and Unification of Peasants," which received 43 of 101 mandates and won at the elections, as a negative factor. As he said, five political organizations represented in this union are not united enough and this can lead to an inner collapse.

According to more precise information presented by Estonia's Election commission, at these elections the National Party of Republicans and Conservatives (the right-wing party) failed to overcome the 5-percent threshold needed to be represented in the supreme legislative body. Preliminary estimates demonstrate that this party was to receive 5 deputies mandates in the Estonian parliament.

The press service of the republican election commission reported to Interfax that the party of conservatives and republicans failed to collect 12 electors votes.

Speaker of the parliament of the previous convocation Ulo Nugis, prominent human rights champion Enn Tarto, Environment Protection Minister Vootele Hansen, and member of the parliamentary assembly of the Council of Europe Karin Jaani were candidates to the parliamentarians from the party of conservatives and republicans.

Representatives of the election commission said that Estonia's Interior Minister Kaido Kama, who has collected necessary number of votes in his territorial district, will be the single representative of the party in the parliament.

The election Union "Coalition Party and Unification of Peasants," which has won at the elections, viewed the right-wing representatives as the most probable ally in the future ruling coalition.

As many as five parties and blocs will be represented in the new Estonian parliament. Among them are the party of reforms (20 mandates), the party of the center (17 mandates), the union of national-radicals Isamaa and the party of national independence (8 mandates), the bloc of "the moderate" (6 mandates) and the bloc of the parties of the Russian-speaking population "Our Home - Estonia!" (6 mandates) along with the coalitionists.

The election commission does not rule out that changes can be introduced in the results of the voting because Tallinn has not received results of the elections held among Estonians in Argentina.

The commission hopes to sum up final results of the elections on March 10.

In an interview with Interfax Tarand declared that he does not foresee "any sharp changes" in the course of the new Cabinet of Ministers which will be formed by the new parliament. Slight changes, he said, can primarily concern the village. "However, the foreign political course will remain the same." At the same time much will depend upon the personality of the new minister, Tarand underlined.

He believes that Estonia will establish more lively relations with Russia especially after ratification of the July agreements and solution of the border issue. In his opinion, "this problem can be resolved this year."

According to Tarand, before its resignation the present government will hand over the agreements on Russian forces withdrawal and on social guarantees to retirees signed on July 26 in Moscow to the parliament for ratification. "This is our duty," Tarand underlined.

He described statement of his cabinet on its readiness to find a compromise with Russia on the border issue as the most courageous move of his cabinet. IF Note: On December 16 in Helsinki, Tarand said that in general Estonia is ready to agree to the present line of the land border provided Russia recognizes the Tartu 1920 peace treaty.

Estonia's Foreign Minister Juri Luik believes that the country's government which will be formed by the parliament elected on March 5 has not many opportunities to change its foreign policy. "If the republic wants to preserve its sovereignty and to become such a country as Finland, Sweden, or Denmark, then it must continue its course for integration with the western structures simultaneously attempting to establish good relations with Russia," he declared in an interview with Interfax Wednesday [8 March].

Commentary on Loss of Sensitive State Documents

LD0903190195 Tallinn Radio Tallinn Network in Estonian 1015 GMT 9 Mar 95

[Ainar Ruussaar commentary]

[FBIS Translated Excerpt] The Government of Estonia will soon be replaced. New ministers and state officials may, however, soon find themselves in an embarrassing situation of not being able to find all necessary documents in their closed archives. Despite the law on state secrets, the procedure for government organizations to store and use documents has not been regulated in detail and with gravity.

Over the past few years many government and Riigikogu members have stated that several important documents were missing from the state archives. [passage omitted]

Last year it was discovered, for example, that the Estonian Government edict setting up a commission to deal with the use of CPSU and Estonian Komsomol property

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was missing from the State Chancellery archives. In December 1992 the government commission that was examining the activity of the special service and the security police discovered that several state documents had disappeared or had been tampered with. Kaido Kama, the present minister of internal affairs, was commission chairman then. According to him, the materials of the so-called Mart Rask commission, a commission set up [in 1992] by Tiit Vahi's government to investigate the activity of the special service, had not been handed in to the State Chancellery archives. Kama's commission also failed to find in the archive the 8 September 1991 resolution of Edgar Savisaar's [chairman of one of the winning parties, the Center Party, at 5 March elections] government, on the special service being turned into an investigation bureau. Not one document has been preserved on the third bureau of the special service, engaged in the collation and processing of information. [passage omitted]

Latvia

Gailis Favors Reorganization of Defense Ministry

WS1003100995 Tallinn BNS in English 1331 GMT 9 Mar 95

[FBIS Transcribed Text] Riga, Mar 09, BNS—Latvian Prime Minister Maris Gailis is in favor of reorganizing the Latvian Defense Ministry and has promised to review additional funding possibilities in Cabinet for the National Armed Forces (NBS), Defense Ministry State Secretary Janis Davidovics told BNS.

The Defense Ministry and NBS leadership are to submit in upcoming days those projects which are in urgent need of extra funding and whose implementation is very important.

Gailis was briefed on Defense Ministry operations and projects to reorganize the state civil service boards, which would result in possible state budget savings, personnel downsizing and the redirection of state resources for other purposes.

Davidovics said that an International Relations Department was created after the ministry's central structure was reorganized. Currently, a Finance and Contractual Relations Department is also being created which will be responsible for issues of finance, contract signing and the supervision of contract implementation.

Gailis is in support of allocating the money that is saved by the reorganization to the needs of the Defense Ministry and the NBS.

During his meeting with the leadership of the NBS, the prime minister was briefed on the financial and military situation of the armed forces. The meeting was attended by representatives of the Airforce and Navy, the border control and commanders of the Home Guard.

Questions of the work being done by the Civilian Defense Center and the flooding in Ogre were also discussed.

Saeima Adopts Bill on VAT With No 'Radical Changes'

WS1003100895 Tallinn BNS in English 1331 GMT 9 Mar 95

[FBIS Transcribed Text] Riga, Mar 09, BNS—The Latvian Saeima (parliament) passed a bill Thursday [9 March] on value-added tax.

Saeima Budget and Finance Committee Secretary Aija Poca told reporters that the bill will replace the current turnover tax bill and in essence will not make any radical changes to its implementation.

The rate of the value-added tax has remained at 18 percent in keeping with the rate of the former turnover tax.

The difference between the current law and the value-added tax law is that both physical and juridical entities who had previously been exempted from taxation due to losses incurred are now taxpayers.

Farmers and fishermen who forward their own goods to processing enterprises can qualify for compensation of 15 percent for goods whose raw materials purchase included value-added tax payment.

Under the bill, the "tax-free" principle will be functioning henceforth in Latvia for physical entities that have exported goods abroad.

The bill implements punitive sanctions of 200 percent on tax payers who receive tax returns from the state budget by using forged documents.

The bill will come into effect as of May 1 and before then, the government will accept regulations which should clarify tax remittance and returns by physical and juridical entities.

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